MANAGEMENT DEVELOPMENT

AN EXPLORATORY STUDY OF ITS ROLE IN THE OWNER/MANAGED FIRM

Submitted by

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This thesis is primarily an exploratory study undertaken to evaluate the role and application of management development in the context of the small firm and its contribution to the improved performance and success of the firm.

The study is set in the context of an industrial environment which is actively involved in encouraging the development of small firms, as an important contributing factor to the economic climate and for the creation of employment.

Literature is reviewed which provides an understanding of the motivations of individuals to start in business, and the associated stages of development. It specifically highlights the low level of involvement of owner/managers in development programmes and addresses this issue. This examines the impact of influencing factors such as the personal objectives of the manager, their behaviour, management style etc. have on the level of participation in management development programmes.

The case study method is used to obtain greater detail and knowledge of the subject in the context of the small firm. The empirical data examined the level of participation of four owner/managers in the various programmes.

The evidence from analysis of the case studies suggests that managers who participate in management development programmes in the early stages of the company life cycle perform better, in the areas of decision making, planning and, the other general management functions. A number of variables contributed to individuals participating in programmes, these included push factors such as forced by bank manager, project officer, or needed some assistance to rectify escalating problems in the firm. Pull factors also influenced decisions, i.e. where the owner/manager themselves recognised their own management inadequacies and decided to participate on management development programmes.

The most preferred type of programme is one which is based on a flexible distance learning basis, where managers can learn at their convenience and not interfere with their work schedule. An interactive non-academic approach was preferred, where negotiating, videos, case studies etc are used to develop the participants.

Discussions with the supply side indicated the difficulties of attracting participants on the programmes and the problems of pricing these courses to suit the limited resources of the small firm. The research concludes by providing a model outline to assist in programme design and the development of a hypothesis which will be used for the basis of further longitudinal research.

Briga Hynes
July 1992
This thesis has benefited from the involvement of many people, a number who deserve a special mention.

- Firstly, and foremost the my supervisor Thomas Garavan, for his advice, guidance, assistance and unlimited time willingly given.

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INTRODUCTION

BACKGROUND TO THE STUDY

The research topic for this thesis has stemmed from both a personal and professional interest in the small firm sector on the part of the author. The interest has developed from experience gained in dealing directly with the owner/manager providing consultancy and assistance in the various areas of business development. More recently the author has become involved in the design, administration and implementation of management development programmes specifically designed to meet the requirements of the owner/manager.

This experience in tandem with the knowledge of the experiences of similar organisations dealing with small firms has lead the author to conclude that the general topic of management development in the context of the owner/managed firm is underdeveloped and not sufficiently explored.

Small firms are often not viewed as a specific individual target market with different needs and requirements, rather they are viewed in the same light as the larger organisation which would render many of the management development programmes available unsuitable.

These factors have developed the focus of the study, which is primarily to provide updated information on this topic with the development of an outline model to assist in relevant programme development.
OBJECTIVES OF THE STUDY

The study is exploratory in nature with the primary aim of obtaining an improved understanding of the small firm, its manager and their attitudes and perceptions to management development programmes.

Aligning objectives will achieve the following:

- provide an understanding of the owner/manager and the factors that influence them to start in business, and the various stages of development of the firm

- provide an insight into the degree of application of management development in the owner/managed firm

- examine the various push and pull factors which influence the managers decision to/not to participate in development programmes

- analyse the most suitable structure, design and content of management development programme for the owner/manager. This will also involve the development of a model to guide programme design and structure

- examine the benefits obtained by the owner/manager from participating in management development programmes

- outline and define hypotheses which will form the basis for further more detailed study
VALUE OF THE RESEARCH

The research will be of value to any individual or organisation that deal with the small firm sector. It provides an understanding of the development of the small firm and its owner/manager. It provides an insight into their management requirements and the reasons for the low level of involvement in management development programmes.

It highlights how to overcome these problems and provides a valuable and relevant model outline which can be used by programme providers to design, structure and implement a relevant programme.

The research is also of value as it lays a foundation and a starting point for further longitudinal and more detailed studies.
CHAPTER ONE

THE ENTREPRENEURIAL PROFILE
1.0 INTRODUCTION

The importance of small business to the development of an economy is recognised increasingly by Governments, business and financial organisations with the result that the topic of entrepreneurship has become extremely popular. Entrepreneurship is viewed as a viable career alternative for more people, it is no longer only viewed viable for individuals who emerge from specific backgrounds or have specific characteristics. This leads to the question - Why does this happen? Is it true what the literature says "that entrepreneurs are a breed apart"?

Ginsbert and Bucholtz (1989) Is there a special breed of person, with specific characteristics who start up in business and succeed or can individuals be coached and counselled to start in business. If they can be "made" or taught, then what is required to stimulate and assist in this area, i.e. what educational and/or motivational programmes can be devised to encourage individuals to choose entrepreneurship as a career.

This chapter will examine this topic more closely by analysing the 
(I) characteristics of individuals who start their own business to determine what specific factors influence their behaviour.

(II) The author will also examine the experience and situational conditions which can cause or influence a person to start in business.

(III) The remainder of the chapter will analyse and discuss more specifically the start up process, the problems associated with
birth, early survival, and the various stages of
development of the business.

(IV) Finally, the author will analyse the various definitions used by
organisations to classify and assist in understanding the context
of the small firm.

The birth of new firms and the liquidation of small ones is part of a
dynamic and continuous process which makes the collection and use of
detailed statistics very difficult. Published information tends to take
the form of global figures of the number of 'small firms' in industrial
groupings, sometimes broken down into more specific size bands, and a rough
monthly flow of statistics of births and deaths. This generality of
information makes it difficult to analyse the small firm. In the Irish
context it is extremely difficult to obtain updated information on the
small firm sector. The main sources include The Small Firms Association,
and the Programme for Industrial Development 1989-1992 (Government
Publication). Despite this limitation of inadequate information coupled
with the difficulty of obtaining this information, the author will begin by
providing an understanding of the profile of the entrepreneur and factors
influencing their decision to start in business.

1.1 THE ENTREPRENEURIAL PROFILE

The field of entrepreneurial research has been shaped by well known
American studies including Collins and McClelland (1964), McClelland
(1961), Smith (1976), Mancuso (1973), Hisrich (1985, 1989) etc. and British
studies emanating from the Bolton Report (1971), Curran and Stanworth
(1973), Firn and Swales (1976), Fothergill and Gudgeon (1978), Howick and Key (1979), Johnson and Cathcart (1979) and Storey and Robinson (1979) offer ideas on this area. These studies offer a contrasting view to that of the American literature, replacing a somewhat heroic picture with one that suggests the role of small businesses in our society are multifaceted, and that the interlinkages between small firms, their owners and the wider society they work in are complex and interactive. This is leaning towards the systems viewpoint, originally evoked by Trist (1981) and is applied to the small as well as the large firm. This emphasises the importance of the manager being aware and having the ability to balance internal activities with external factors. This is a major task which faces the owner/manager in the infant stages of development. A more modest view reflects the thoughts of Liles (1974) who found that although successful entrepreneurs became men apart, they were very much like other ambitious, striving individuals at the beginning.

Other British work is concerned about infrastructural support, notably addressed by the Wilson Committee (1979) and by studies prepared for the Department of Industry and various development agencies. The primary concerns are about evaluating basic business competence and devising non-bureaucratic support packages involving not only hard support of finance and premises, but also soft support in areas such as training, consultancy, marketing and other advice. The trend towards software support, or hands on approach is increasing with the realisation that it is not alone sufficient to provide premises, but individuals need to be coached and counselled in general management duties and responsibilities. This approach is advocated by Irish government state
bodies who are moving away from the allocation of grants specifically for capital expenditure. They now provide lucrative grants to provide training and development to both managers and employees, eg. SFADCO and FAS encourage this approach.

The sense that there is a managerial competence, different from the skills required to start a business, which is needed to sustain its growth and development, is reinforced by a number of recent research articles as follows. Litvak and Maule (1982) report that:

"Inadequate performance of the management function, specifically as it relates to effective decision making and planning, is a primary cause of failure... combined with a lack of experience coupled with psychological unpreparedness for the responsibilities of running a business". Many individuals who start in business emerge from "an expertise" background which is often very specific resulting in lack of general management abilities to plan and guide the business.

Probably the key factor is how quickly the new entrepreneur can adapt and learn from the experience of dealing with their environment, a point made by Sandberg and Hofer (1982), Cole (1968) and Watkins (1982). Cole sees successful entrepreneurial development as involving:

"Every expanding knowledge of the total situation surrounding him, modifying his primary objectives, thus fitting the actions of his enterprise more closely to the requirements of the economy."

This requires an individual who is resourceful flexible and determined to continue when events do not work out as planned. The owner/manager must be aware of and open to change, and develop the ability to manage this
Sandberg and Hofer (1982) definitively break the link between entrepreneurial, personal characteristics and business success with the finding that:

"Entrepreneurial performance is not clearly related to the entrepreneur’s need for achievement, locus of control, risk preference, education or nonconformity. Entrepreneurial success is associated with experience in a relevant line of business." Sandberg and Hofer (1982)

This experience can then be translated to their new business. These writers also referred to Cooper (1982) who suggested that

"The entrepreneur’s earliest decision, including the decision to found a firm and position it within a certain industry with a particular competitive strategy, help to shape a firm’s future development."

There has been little explicit research on the relationships between characteristics of founders, the strategies of their firms, and subsequent performance. More needs to be learned about new firm performance and their chosen strategy. Important dimensions might include the product/market choice, the basis of competition, the business strategy, and the relationship of the industry life cycle.

It can be argued that developed management skills or capabilities are not always needed during the initial stages of starting-up a business. The primary focus is seen as creating and developing innovative products or services. However once the firm is operational it enters the various stages of growth where general management skills are crucial for survival.

Swayne and Tucker (1973) pose the question "Can an individual
reasonably be expected to be successful in both creating a new firm and managing its growth". This implies that different management skills are required at different stages of the business life cycle.

Roberts (1987) on this topic indicated that the transition of moving from entrepreneurial to professional management is a strategy of co-ordination, which will depend upon the manner in which responsibilities are delegated and the type of control implemented. This refers back to the systems viewpoint and the necessity to co-ordinate not only internal but also external activities.

The following table summarises five schools of thought which provide a comprehensive understanding of the entrepreneur, why they start in business, their characteristics, etc. Since the primary focus of this research is on the small business and its management requirements, the author will only examine the only elements of the various schools as they apply to the study.
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<td>Entrepreneurs have unique values, attitudes, and needs which drive them.</td>
<td>People behave in accordance with their values; behaviour results from attempts to satisfy needs.</td>
<td>Personal values, risk taking, need for achievement, and others.</td>
<td>Start-Up</td>
<td>Assistance is required in idea generation and development, setting goals, objectives, sourcing finance.</td>
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<td>Classical School</td>
<td>The central characteristic of entrepreneurial behaviour is innovation.</td>
<td>The critical aspect: innovation, creativity, of entrepreneurship and discovery. is in the process of doing rather than owning.</td>
<td>Production planning, people organizing, capitalisation and budgeting.</td>
<td>Start-Up and early growth.</td>
<td>Development of general management skills, manager needs to be taught how to delegate.</td>
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<tr>
<td>Management School</td>
<td>Entrepreneurs are organisers of an economic venture; they are people who organise, own, manage, and assume the risk.</td>
<td>Entrepreneurs can be developed or trained in the technical functions of management</td>
<td>Motivating, directing and leading.</td>
<td>Early growth and maturity</td>
<td>Developing the manager to manage change, transition from entrepreneurial to professional management style.</td>
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<td>Leadership School</td>
<td>Entrepreneurs are leaders of people; they have the ability to adapt their style to the needs of people.</td>
<td>An entrepreneur cannot accomplish his/her goals alone, but depends on others.</td>
<td>Alertness to opportunities maximising decisions.</td>
<td>Early growth and maturity.</td>
<td>Helping manager to diversify expand company.</td>
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<td>Entrepreneurship School</td>
<td>Entrepreneurial skills can be useful in complex organisations; entrepreneurship is the development of independent units to create, market and expand services.</td>
<td>Organisations need to adapt to survive; entrepreneurial activity leads to organisational building and entrepreneurs becoming managers.</td>
<td>Maturity and change.</td>
<td>Develop ability to devise new products, markets, delete non profitable products.</td>
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<td>Classical</td>
<td>People who make innovations bearing risk and uncertainty: &quot;Creative destruction&quot;</td>
<td>Decision making, Abilities to see opportunities, Creativity</td>
<td>What are the opportunities? What was your vision? How did you respond?</td>
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<td>Management</td>
<td>Creating value through the recognition of business opportunity, the management of risk taking... through the communicative and management skills to mobilise...</td>
<td>Expertise, Technical knowledge, Technical plans</td>
<td>What are your plans? What are your capabilities? What are your credentials?</td>
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<td>Leadership</td>
<td>&quot;Social architect&quot; Promotion and protection of values</td>
<td>Attitudes, style, Management of people</td>
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<td>Those who pull together to promote innovation</td>
<td>Decision making</td>
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Source: Journal of Small Business Management, January 1991
The psychological school, which focuses on personality factors, believes that entrepreneurs have unique values and attitudes toward work and life. These, along with certain dominant needs, propel the individual to behave in certain ways. Entrepreneurs can be differentiated from non-entrepreneurs by personality characteristics. Lachman (1980). Three personality characteristics have received considerable attention in the research:

1. The personal values such as honesty, duty, responsibility, and ethical behaviour;
2. Risk-taking propensity; and
3. The need for achievement.

**Personal Value System**

It is merely socially desirable for entrepreneurs to be honest and upright, have a sense of responsibility and duty to other people, be ethical, incorruptible, scrupulous, dependable, and conscientious? Are these values necessary for success? There are numerous portrayals - both fictional and real-life - which present the entrepreneurs as unethical, unscrupulous, dishonest and totally self-oriented. However, studies of entrepreneurs indicate that many are highly ethical and socially responsible, compared to the general population, Cunningham and Lischeron (1984).
This school generally states that entrepreneurs cannot be developed or trained in classroom situations. Much of the entrepreneur's ability relates to a personality or style of behaviour which develops over time, primarily through relationships with parents and teachers early in life. Values and ideals, fostered in one's family, school, church, community, and culture, stay with the individual and guide them for a lifetime. These values are learned and internalised, and reflect the process of socialisation into a culture. Personal values are basic to the way an individual behaves and will be expressed regardless of the situation. O'Connor (1981) also highlighted the importance of having specific personal characteristics to be a successful entrepreneur.

This school of thought has provoked universal discussion amongst practitioners and academics alike. It is increasingly believed that the concept of entrepreneurship or starting up in business can be taught, resulting in increased numbers of third level entrepreneurship and small business programmes being developed. Even more recently the published Green Paper on education has suggested the introduction of entrepreneurship into second level educational institutions. Rotter (1975) indicated that the majority of individuals are capable of managing a business, they just need to be coached, counselled and given assistance in developing their ideas. These ideas have been reinforced by state bodies such as the IDA, SFADCO, who are dealing with start up situations, and encourage individuals at all levels and backgrounds to start in business.
Risk Taking Propensity

Palmer suggests that the entrepreneurial function primarily involves risk measurement and risk-taking. Palmer identified the entrepreneur as the "individual who can correctly interpret the risk situation and then determine policies which will minimise this risk." This highlights very clearly that risk is part of the entrepreneurial process over which the individual has the ability to manage. The risks involve not only financial success, but career opportunities, family relations, and personal well-being, (Liles (1974), Sarachek (1978), Bedchams (1980)). Schumpeter (1934) disagreed stating that risk-taking is inherent in ownership. He indicated that the risk is high or low depending upon the level of personal investment, personal attitudes, and perceptions of the individual. More recent studies undertaken by Bowen (1987) indicate that you cannot draw a causal relationship between entrepreneurs and risk taking propensity.

Much of the entrepreneurial literature has included risk taking as a major characteristic of the entrepreneur. Practicing entrepreneurs and business managers have also felt it to be important, from their experience either in positive or negative light. It is also felt that risk is an "inherent factor in the non entrepreneurial sector, as individuals make decisions regarding their future with limited information and are therefore taking risks.

Some writers (the Classical School) pointedly distinguish entrepreneurial
activity from management activity by insisting that one is no longer an entrepreneur once the innovative/creative activity is completed. Yet, as early as the seventeenth century, Cantillon described the entrepreneur as a rational decision-maker "who assumed the risk and provided the management of the firm" Kirby (1971). This summarises the point more accurately. From experience of dealing with small firms the author would conclude that it is not sufficient to analyse entrepreneurs according to their value systems solely, but it is increasingly important to take stock of their situational factors, experience and general management abilities to date.

**Need for Achievement**

The belief that entrepreneurs might have a distinctly higher need for achievement is widely held, McClelland (1965). However, the need for achievement, isolated from other variables, is a weak indication of an individual's tendency to start a business, Hull, Bosely and Udell (1980). Having such a need and finding oneself blocked and frustrated by the bureaucracy of large organisations provides the conditions, according to this school, to propel the individual into an entrepreneurial venture. This underlying need for achievement needs to be balanced with the proper attitude, objectively and business sense that is required to succeed.

In summary, the psychological school of entrepreneurship believes that certain individual values and needs are necessary preconditions for entrepreneurship. Since these values are learned early in life and are well-established prior to adulthood, entrepreneurial characteristics are
hard to inculcate in universities and schools. Characteristics which have received a great deal of attention include: need for achievement, locus of control, risk-taking, tolerance of ambiguity, the type A behaviour, (Begley and Boyle (1987); Brockhaus and Horwitz (1986)).

Type A behaviour pattern is defined by Friedman and Rosenman (1974) as an "action emotion that can be observed in any person who is aggressively involved in a chronic, insessant struggle to achieve more in less and less time, and if required to do so, against the opposing effects of other things or other persons."

The validity of using this school of thought solely to analyse entrepreneurs or small business owners would prove very limited. While it is realistic to assume that owner/managers require certain attitudes and motivations to succeed, it is also true to say that the values and needs prescribed above are latent in all individuals and can be stimulated through the correct methods of education and counselling. What is required is to have available the necessary infrastructure which will encourage and provide confidence in individuals to start in business. This is slowly occurring in the Irish situation, where enterprise programmes are developed in educational institutions and also provided increasingly by Government bodies and commercial institutions to promote entrepreneurship as a viable career option.

**THE CLASSICAL SCHOOL OF ENTREPRENEURSHIP**

Innovation, creativity or discovery are the key factors underlying the classical body of thought and research. Entrepreneurship, in this view, refers to the process of creating an opportunity or, as a current writer
suggests, "the opportunity-seeking style of management that sparks innovation", Peterson (1985). As an entrepreneur explains it, "You have to be a creative dreamer, be able to visualise where you will be in x years from now....", Peterson, (1985).

Frequently, creativity is associated with fervent individualism or independence bordering on nonconformity. It is sometimes perceived as antisocial behaviour having an impact on established ways of thinking or behaving. Creativity must be encouraged and is a critical skill for the owner/manager as it tells them how to be resourceful and deal with problems in various ways.

Many innovative people, in describing their creative process, have emphasised its subjectivity and individualistic nature. The innovator is often motivated to satisfy personal needs, and sometimes has little regard for the interests of society or organisations.

This classical school provides an emphasis on innovation which is a necessary requirement for survival. Innovation in terms of new product development is not sufficient, but the ability to be innovative and creative in the area of management, marketing, finance, personnel and negotiating are also very important for sustained growth and development of the firm. It is important that this broader view of creativity, innovativeness or resourcefulness is encouraged by educators and programme providers to ensure it is developed within the individual.
THE MANAGEMENT SCHOOL OF ENTREPRENEURSHIP

As in most fields of organisation study, entrepreneurship draws heavily from management theory. The initial definitions of management gained acceptance because they seemed intuitively logical and were thus acceptable. These definitions, many of which might parallel the initial tradition of Henri Fayol, suggest that managers perform a number of functions such as planning, organising, staffing, budgeting, coordinating, and controlling, (Fayol, (1916), (1950), Follett (1942), Gulick (1937), Mooney and Reilly (1931), Taylor (1911), Urwich (1933)).

The management school suggests that an entrepreneur is "a person who organises or manages a business undertaking, assuming the risk for the sake of profit", Weber's (1966). Mill (1984), in describing the entrepreneur, noted that in addition to risk-taking, the functions of an entrepreneur include supervision, control and providing direction to a firm. Effective and efficient management is critical for the owner/managed firm, due to scarce resources, which must be utilized to their maximum. This is often a problem for the owner/manager as they evolve from a specific expertise background and lack the general management expertise or experience required.

Other writers define the transition of moving from entrepreneurial to professional management as a strategy of co-ordination which includes the manner in which responsibilities are delegated and the degree of formality with which those tasks are controlled, Roberts (1987). These functions might include developing formal business plans, analysing
opportunities, acquiring resources, and working toward goals. Bird (1988). This period tests the ability of the owner/manager to preempt and manage the change which is or will occur.

This management school deals with the technical aspects of management and it is based on the belief that entrepreneurs can be developed or trained in the classroom. Since many entrepreneurial ventures fail each year, a significant proportion of these failures might be traced to poor managing and decision making, as well as to financing and marketing weaknesses. According to this school, entrepreneurship is a series of learned activities which focus on the central functions of managing a firm. The management school is directed at improving a person's management capability through developing their rational, analytic, and cause-and-effect orientation. Since, according to this school, entrepreneurship can be taught, a central aim is to identify the specific functions involved and provide training to existing and hopeful owner/managers. This school of thought is realistic in terms of contemporary business development approaches. Unless the manager is able to manage a variety of functions in a coordinated manner the business will not survive its infant stage. An understanding of this school of thought is important for small firm course providers as it provides an insight into the factors which are important for the owner and thus organisational development.
The leadership school of entrepreneurship is the non-technical side of the management school, which suggests that entrepreneurs need to be skilled in appealing to others to "join the cause". A successful entrepreneur must also be a "peoples manager" or an effective leader/mentor who plays a major role in motivating, directing, and leading people.

"Thus, the entrepreneur must be a leader, able to define a vision of what is possible, and attract people to rally around that vision and transform it into reality" Kao (1989). This is critical as the small firm is limited in the number of individuals it can employ, and generally will not employ individuals who are more skilled or experienced than the owner. Also remuneration and security of job tend to be low in the small firm. These constraints require the owner to be an exceptional leader and motivator who will inspire and maintain people in their firm.

There are two "streams" of writings concerning entrepreneurial leadership. The first stream of development has been grouped within the "great person" school, and describes the writings which suggest that certain traits and personal characteristics are important for success. The "great person" school follows early leadership research which suggests that traits such as adaptability to situations, co-operativeness, energy, and willingness to take responsibility are important aspects of success, (Stogdill and Suttell (1948), Stogdill (1974), Bass (1981).)
The most pervasive stream of the leadership school is concerned with how a leader gets tasks accomplished and responds to the needs of people, Hemphill, (1959). Two dimensions are important for the management of an enterprise - a concern for getting the task accomplished and a concern for the people doing the work. It is critical that the manager be able to balance these two concerns to obtain a productive and successful environment.

Suggestions that leaders should adjust their leadership style based on the situations facing them, Fielder, (1966) is prompted. This advocates the contingency approach to managing which is realistic in the light of changing events, which require managers to motivate individuals to perform differently in different circumstances. Entrepreneurial leadership involves more than personal traits or style in relating to others, the role is a focal point for change and it involves the skills of setting clear goals and creating opportunities. These include the skills of empowering people, preserving organisational intimacy, and developing a human resource system, Kao, (1989). This school describes a leader as the "social architect", Bennis and Nanus, (1985), or as one that is "primarily an expert in the promotion and protection of values", Peters and Waterman, Jr., (1982). From the above it can be seen that the role of the owner/manager is a complex and dynamic one. The contingency approach to management is very relevant here as the firm is growing and dealing with change.

Certain writers make the distinction between leading and exerting managerial control over people. The entrepreneur is embedded in a
complex social network that can inhibit or enhance venture development. The network can provide ideas, access to needed resources, the commitment and assistance to carry out a task, and the skills of involved employees. It has been proposed that more effective leaders are those who can create a vision, develop commitment to that vision, and institutionalise it, Bennis and Nanus, (1985). The ability to engender commitment and loyalty is critical in the small firm especially in the infant and growth stages, as it relieves managers to develop the business and allow employees to work on their own initiative, on the day to day operational activities.

This school implies that leaders must be effective in developing and mentoring people, Levinson et Al, (1978). The leader is an experienced mentor by whom the "protege" is taught the "critical trade secrets".

Employees are a critical resource for the small firm, they need to be flexible and have the ability to undertake varying tasks in the organisation. Cross training employees in various areas of the business is important. Often these employees work long hours receiving the basic levels of remuneration, due to the financial constraints on the small firm. The manager must compensate and motivate employees in a non-financial basis. This can be achieved through recognition of employee performance, delegation etc. Delegation by the manager is crucial as the firm grows, and they are unable to maintain the degree of control that is required. Unwillingness to delegate is a common problem in the small firm which results in both management and employees losing out in the medium to long term. Managers loose good innovative employees, who
because they are not allowed freedom to develop, feel stifled in the company, do not foresee career potential and eventually leave to join a more progressive organisation. Employer turnover in the small firm poses a large problem for the manager as they have to begin the process of attracting and training people into the ways of the organisation again.

**THE INTRAPRENEURSHIP SCHOOL OF ENTREPRENEURSHIP**

The intrapreneurship school evolved in response to the lack of innovativeness and competitiveness within organisations. Intrapreneurs, to a limited extent that they possess discretionary freedom of action, are able to act as entrepreneurs and implement their ideas without themselves becoming owners. Alertness to opportunities is one dimension of intrapreneurial activity. Such strategic behaviour provides the means for extending the organisation's activities and discovering opportunities, Ellis and Taylor (1987). This allows existing organisations to develop and diversify their activities in other areas. Burgelman (1983).

Intrapreneurship involves the development of independent units designed to create, market and expand innovative services, technologies, or methods within the organisation, Nielsen et al, (1985). This leads to the development of SBUs, or small business units, which are treated as independent separate entities for their performance and profits.

Pinchott (1985) first introduced the concept of intrapreneurship in his text "Forms of Entrepreneurship". He applied the term intrapreneurs to people who undertake entrepreneurial work within large organisations. They work
within the constraints and support of large organisations.

Hisrich and Peters (1989) outlined a number of factors that need to be present to classify an individual as an intrapreneur. They are as follows:

- Organisation operated on frontiers of technology
- New ideas encouraged
- Trial and error encouraged
- Failures allowed
- No opportunity parameter
- Resources available and accessible
- Multidiscipline teamwork approach
- Long time horizon
- Volunteer programme
- Appropriate reward system
- Sponsors and champions available
- Support of top management

Cornwall and Perlman (1980) suggest that intrapreneurs behave in common ways which enhance the success of their ventures. The following twelve features are common among intrapreneurs.

1. Feelings are their primary motives.
2. They serve both self and organisation.
3. They value people.
4. They exercise leadership.
5. They take long-term time perspective.
6. They are good problem solvers.
7. They have organisational skills and use sponsors.
8. They communicate well.
9. They minimise failure and mistakes.
10. They are comfortable with risk.
11. They do their own market research.
12. They are good decision makers.

Common to all these characteristics is a propensity to be practical and to get the job done. Again these characteristics have been discussed previously in the context of the entrepreneur when discussing the psychological school of entrepreneurship.

A question arises as to why the intrapreneurship school should be considered a school of entrepreneurship. Entrepreneurial and administered (Bureaucratic) activity have long been considered as polar opposites, although Schumpeter (1934) noted that successful entrepreneurial activity often leads to organisation building and to entrepreneurs becoming managers. This school views intrapreneurship as a positive source of encouraging and motivating individuals to start in business on their own.

The intrapreneurial school generally assumes that innovation can be achieved in existing organisations by encouraging people to work as entrepreneurs in semi-autonomous units. However, there are indications that large corporations have been unsuccessful in creating intrapreneurs or an entrepreneurial climate. This can result from fact that individuals set
up a business assuming and generalising from their large organisation, not
taking into consideration the constraints and limitations of the individual
small firm.

This model while growing in interest is not perhaps as relevant to the topic
of research as the other models are.

The models analysed provide an interesting body of knowledge which
assists in understanding the behaviour of the owner/manager. Each
provides insights into the many facets of owner/manager behaviour.

The psychological and great person schools are helpful in a personal
assessment of an entrepreneur’s values, while the classical school
provides insights about the process of creating an opportunity. The
management and leadership schools are helpful in understanding the
range of technical and interpersonal skills necessary for making an
operation efficient and for motivating people. The intrapreneurship school
assists in redirecting the present operations.

In summary, these models when evaluated on an integrated basis,
provide valuable detail on the facets of the entrepreneur starting up, the
necessary requirements and attitudes to develop and expand the
business. They provide a beneficial basepoint to develop a profile of
managers from which suitable educational and management programmes
can be devised.
An alternative view to the neo-classical idea of the market process, and one which is more amenable to the role of entrepreneurship, is found in a body of work spanning more than a century produced by what is collectively known as "The Austrian School". The ideas of the "Austrians" have enjoyed a revival recently in the re-emergence of interest in Professor F.A. Hayek's work, supplemented by new contributions from "American Austrians" such as Professor Israel Kirzner. For them, the market is a process which sends signals about opportunities to those both alert enough to observe them and with the will to act upon them. The competitive market is, in Hayek's works, a "discovery process".

For this discovery process to be efficient, it is important that the entrepreneur is given some incentive to search out and act upon opportunities, and that there are no inhibiting regulatory factors which simply deter the potentially alert from even looking. In the way in which it encourages or discourages risk-taking, the economic environment is therefore a vital element in the process. The behaviour of government (national and local) can be crucial in supporting or obstructing the development of entrepreneurship.

This view is increasingly accepted as a more realistic approach to entrepreneurship and small business development. O'Cinneide (1992) agreed with this indicating that creating the correct infrastructure and educational system is critical for entrepreneurial development. It is moving away from focusing on the need for specific personal, behavioural
characteristics to the realisation of the need for the correct infrastructure being available for successful business development. In the Irish context, it would appear that state agencies are adopting this approach, by providing not only hardware support but also the crucial software support which is necessary after starting in business. There is a move away from the "grant" mentality which has dominated the field of business development in Ireland.

ENTREPRENEURIAL SCHOOLS AND IMPLICATIONS FOR MANAGEMENT DEVELOPMENT

The above schools of thought have varying ideas on the topic of entrepreneurship. In turn each of these schools will have implications for management development.

The psychological and classical school go with the idea that entrepreneurs are born and not made, they believe that good entrepreneurs have certain inbuilt unique characteristics which distinguish them. These category of entrepreneurs or managers would not be very receptive to management programmes, but believe they can manage on their own without assistance. This school considers that if managers have to be taught how to manage then they will not be effective in the long term. Management programmes are viewed as providing learning for the short term. The classical school even though indifferent to management development could be more easily persuaded of its benefits and application than the management school.
The management and leadership schools indicate that individuals can be taught and coached to become effective entrepreneurs and managers. They highlight that there are no unique characteristics that distinguish entrepreneurs from their individuals. This type of manager is receptive to management development as they realise that they can learn new ideas and are willing to learn. This category of manager is an ideal candidate for management development programme providers in terms of course design, content, and promotions. It is almost an implied trait of these schools that management development programmes should be undertaken by potential entrepreneurs. They emphasise the importance of balancing out the weaknesses of the entrepreneur by undertaking development programmes.

The intrapreneurship school is similar to the previously mentioned management and leadership school. They will attend management development programmes but only with some encouragement. Individuals in these circumstances consider they have sufficient experience and knowledge to manage a business since they have worked in a large organisation. It is for this reason that management development programmes are important for this type of individual, they need to realise the differences that exist between working in a large organisation and managing a small firm. The following table summarises this section.
<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>FEATURES</th>
<th>ATTITUDE TO MANAGEMENT DEVELOPMENT</th>
<th>TYPE OF MANAGEMENT DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological School</td>
<td>Entrepreneurs have unique values, attitudes, and needs, which drive them.</td>
<td>This school has a negative view of management development. It assumes effective entrepreneurs should not require this type of assistance.</td>
<td>If undertaken it will be theoretical or didactic in approach.</td>
</tr>
<tr>
<td>Classical School</td>
<td>Innovation is the key characteristic of the entrepreneur.</td>
<td>Similar to the above but would be a little more receptive to its benefits.</td>
<td>Again this school would be leaning towards didactic methods.</td>
</tr>
<tr>
<td>Management School</td>
<td>Entrepreneurs own, manage and assume risk.</td>
<td>Very positive and open attitude to MD. It encourages managers to attend programmes to be more effective and efficient.</td>
<td>Would lean towards both internal and external approaches using both didactic and skill building methods.</td>
</tr>
<tr>
<td>Leadership School</td>
<td>Entrepreneurs are leaders of people.</td>
<td>Positive attitude to MD. It perceives MD as contributing to the overall development of the owner/manager.</td>
<td>Would lean towards both internal and external approaches using both didactic and skill building methods.</td>
</tr>
<tr>
<td>Intrapreneurship School</td>
<td>The development of independent units to create, market, expand product or service.</td>
<td>With encouragement and persuasion they will attend MD programmes, but are often difficult to teach as they assume a lot of knowledge.</td>
<td>Again this school would have learned the theory therefore require skill building and discovery methods.</td>
</tr>
</tbody>
</table>
1.2 WHY INDIVIDUALS START THEIR OWN BUSINESS

Having examined the conceptual and behavioural attributes evident in the small business manager, the author will now examine the more practical reasons and ideas individuals have for starting a business.

Liles (1980) indicated that as well as having the correct personality characteristics and traits, as discussed in the previous section, he emphasised the importance of two other conditions, (1) how ready / prepared are the entrepreneurs to start in business as perceived by themselves and (2) the type and severity of barriers confronting them during start up.

1. Readiness

It is important to obtain the individuals own perception of their readiness to start the venture, and how/what process they used to come to this stage. This may differ from an objective viewpoint of an outsider.

The influence of background experience, decision made, industrial knowledge, obtained, experience undertaken are factors which need to be addressed and analysed. Readiness may also be examined in terms of the levels of specific and general self confidence of the individual. This relates to the individual’s belief of their confidence and the ability to control over the types of problems associated or encountered in a greenfield situation.

Unfortunately the level of readiness is often not gauged until after the individual starts in business and is faced with a number of problems which should have been perceived and prevented in the pre-start up stage.
2. **Barriers affecting start-up**

The following are the primary restraints that may force the individual rethink or postpone their business idea.

**PRESENT JOB:** This can pose a major restraint on the individual. A trade off exists between the security and potential status or increased monetary satisfaction, increased power and clout in the organisation. This relates back to the level of risk the individual is prepared to take, if the individual is a risk taker, the opportunity cost of starting in business will not be perceived as being very high.

The longer a person is involved with their job it becomes more expensive to resign and pursue another independent career projection. This can be a very difficult decision for the individual to make, especially as they enter mid-life and commitments on their time and money increase.

An individual's freedom to start in business can also be hindered by financial obligations. These financial commitments are closely related to the life cycle stage of the individual, be they family obligations or otherwise. Such personal commitment often has an acute effect on an individual's decision to start in business until a later stage when these commitments are less pressing. The primary reasons individuals start in business can be divided into push and pull factors.

Precipitating events which act as motivators or critical factors to influence the decision to go into business will now be examined. Shapero (1975)
put forward the 'push' strategy to assist in understanding why
individuals start in business. He indicated that individuals are pushed into
entrepreneurship by negative situational factors such as present job,
career set backs etc. Liles (1980) indicated that the following three sets
of conditions warrant important consideration in this area.

1. Deterioration of job satisfaction, which results in the individual
seriously considering other career alternatives, and using experience to
start a spin off company, Thwaites, (1977). Some factor usually triggers
self-assessment of the current employment situation. This has a negative
effect over a period of time forcing the individual to consider what other
alternatives exist to provide a certain standard of living. If an individual
previously had an idea they wanted to develop, they will probably revisit it
at this stage and decide to venture into their own business.

Research supporting the "push" theory includes studies of the relationship
between job satisfaction and the decision to become an entrepreneur.
Scott (1980) argues that large organisations "push out" potential
entrepreneurs as these companies are management as opposed to
enterprise centred. Due to the often formalised and rigid structures that
exists in large organisations, individuals become stifled and restricted
resulting in resentment of the organisation and its management. The
individual will finally take the decision to leave the organisation and "go
it alone".

2. Identifying a new venture opportunity: Identification and evaluation
of a new venture takes time. This identification of a new 'business' may
arise internally in the individuals organisation or workplace, or may be externally sourced, from dealing with suppliers, customers, competition, etc. It is not sufficient for the individual to identify the idea but they must as realistically as possible evaluate the idea in terms of viability and realism, implementation and practical application.

3. The third factor which follows fairly closely is the need for encouragement and support from immediate family and peers. This is necessary if the potential entrepreneur is to devote the time and resources required to research and start the business venture. This support is often seen with the spouse of the entrepreneur playing an important role in the business i.e. undertaking administrative tasks, financial records, etc.

An extended area of this factor is the influence of the role model on an individual starting in business. This element is becoming more important as an influencing factor, (Johnson and Cathcart (1979). Fothergill and Gudgin (1982)). Palmer and Cochran (1988) indicated that parents are the primary role models in the early socialisation of children and greatly affect career preference. This would reinforce the idea that individuals who are involved in family businesses are more likely to set up on their own. O'Farrell (1966) from a survey of manufacturing enterprises in Ireland observed that 46% of founders had fathers who were self employed. Cooper and Dunkelberg (1987) in a survey concluded that 50% of founders came from homes where one parent owned a business. These can be viewed as "pull effects" on the individual into starting in business. Birley (1984) indicated that entry into a business is influenced
considerably by the socialisation process throughout the life and career of the individual. Birley and Gibb (1984) indicate that there are different influences at work at different stages of the life cycle, which will reinforce or otherwise the desire to establish a business. This again can be related to the old debate, as to whether entrepreneurs are "born or made". The basis of this debate rests on the classical economic definition of the entrepreneur, which highlights the risk taker, innovative character who is capable of spotting and availing of opportunities. However, it would be too general to assume that all owner managers exhibit these characteristics, as some managers do not have extrovert opportunistic characteristics.

1.3 MILESTONES IN VENTURE CREATION

The decision to start in business and go it alone, is not an easy one. The individual will be involved in making a number of decisions which can impact greatly on their life. The following diagram illustrates the various stages of the managerial career which indicates the various decisions and influences which impact upon the change of career.
FIGURE 1.0: PRE ENTRY STAGES OF NEW BUSINESS FORMATION

Pre Career Stage

The author refers to this as the crossroads stage, where the individual has to decide on a career as an entrepreneur or in some other occupation. This refers to the pre-job search which will influence the attitude of the individual to self employment. Miller and Swanson (1983) state that influencing factors will include family guidance and example, relating specifically to parents and their type of employment, level of independence induced in the child, attitudes towards risk, etc.

Sociologist Max Weber highlighted that cultural climate, the culture and
individuals in the culture will have a direct bearing on the attitude of the individual, which in turn will influence their behaviour. In conjunction with the above family influences, this factor will also have an important negative or positive effect on the individuals career decision.

Collins and Moore (1978) indicate that work and the level of satisfaction or dissatisfaction experienced can be a positive or negative influencing factor. This has already been mentioned. If an individual is very dissatisfied with work, they are more likely to leave to set up in business, than those who are very satisfied with their work situation.

Bowels and Gintes (1975) consider education in the broad sense, which incorporates value systems, career or vocational guidance and stimulus to ways of thinking as important when an individual is deciding to "go it alone" and start up in their own business. The last factor, education, integrated with the above will provide the individual with a clear decision on whether they wish to become an entrepreneur or not.

This highlights the importance of entrepreneurial educational programmes to provide individuals with a clear insight as to what is involved in starting and managing a business. Once a positive decision has been formulated, which evaluates the viability of the project, coupled with the associated risks, the individual starts in business, and enters stage 1 of the career cycle. The pre-career decision can take a period of time and soul searching for the individual, especially if the opportunity cost or risk of setting up in business is high.
Stage 1: Formative Stage

Birley and Gibb (1984) describe this stage as the formative stage where factors such as education, training, apprenticeships, initial work experience, employment or unemployment shape the individuals career direction. The individuals personal and family factors also influence behaviour at this stage.

This stage is critical. Decisions must be made that can have long term consequences. The individual must evaluate "the opportunity cost" of changing job and/or way of life. The ideas available from "natural learning" must be translated into realistic and viable options/businesses which will maintain a standard of living. Factors such as periods of prolonged unemployment can greatly influence an individual to set up in business, as the "opportunity cost" in this instance, is less. This can be reflected realistically in today's environment where a very high level of unemployment exists.

Stage 2: Mid Career

This stage represents the mid-career period which represents a long period of the individuals career. This stage is represented by a number of characteristics such as marriage, family commitments which will influence the choice of career. This period will also dictate to the individual what is the optimum level they will achieve in their existing career, Gibb (1984).

Push factors as previously outlined, will be critical in influencing
individuals to go into self employment, e.g. inability to secure a job which matches individual needs; frustration in career prospect; insecurity of employment and unemployment itself. Cross and Gibb (1966).

Opportunities at this stage as opposed to the previous stage are linked more to work experience. Also the opportunity cost of leaving employment at this stage is higher, due to pensions, promotion prospects, job security, etc. This category of individual spends a great deal of time evaluating and re-evaluating ideas, gaining consensus from peers to minimise the risks associated with setting up a business. However due to the increasingly high unemployment rates this category of manager is more readily willing to start on their own rather than accept unemployment.

Stage 3: Maturing Stage

This stage represents the maturing part of the career cycle. Individuals will have achieved their desired level of status in the workplace, family commitments are less, (empty nest stage). The opportunity cost of leaving paid employment to seek self employment may be high in terms of the prospect for continuation of a steady stream of income to retirement, but will not be so high in terms of the possibilities in increased income foregone.

Energies and commitment tend to diminish at this stage, and individuals priorities begin to change. Individuals reach the stage and realise that if they do not set up in business presently they are less likely to do so at later stages of their career.
Each of these stages provide interesting insights into the influences at work. Thus demonstrating the significance of push and pull factors towards self employment. Each stage offers a different mix of opportunities for programme providers to cater for.

The above section has provided background information on the psychological thought process, that is used by individuals before they commit themselves to the exigencies of starting in self employment. The second chapter will expand on this area, and discuss the stages of development once in business and the various requirements at each stage.

A much more detailed prescriptive sequence is billed by Swayne and Tucker (1973). This sequence is referred to as a "road map" by whose application one should be able to start any business, either manufacturing or service. It includes three overall stages - concept, planning and implementation. Within these stages are fifty seven steps which should be answered honestly and in detail by the potential entrepreneur. The stages and questions are detailed in Table 3.0

This roadmap provides good detail and requires the potential entrepreneur to think through their idea to determine their readiness to go into business. The main limitation associated with the roadmap is it does not tell the reader in what order to undertake actions. Also it does not provide knowledge on how to undertake some of the steps such as market research creation of systems, etc. which may be critical for the potential entrepreneur to understand.
<table>
<thead>
<tr>
<th>1. CONCEPT STAGE</th>
<th>II PLANNING STAGE</th>
<th>III IMPLEMENTATION STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Venture Idea search</td>
<td>** Demonstration prototype-constructed</td>
<td>38 Incorporation completed</td>
</tr>
<tr>
<td>** Begin patent notebook</td>
<td>** Prototype tried on buyers</td>
<td>39 Whether to market test decided</td>
</tr>
<tr>
<td>1. Personal goals evaluated</td>
<td>17 Sales tactics defined</td>
<td>40 Whether to subcontract decided</td>
</tr>
<tr>
<td>2. Own strengths, weaknesses identified</td>
<td>18 Make or buy issues assessed</td>
<td>41 Market test completed</td>
</tr>
<tr>
<td>3. Outside help needs identified</td>
<td>19 Manufacturing needs defined</td>
<td>42 Capital obtained</td>
</tr>
<tr>
<td>4. Consumer needs identified</td>
<td>20 Engineering and design needs</td>
<td>43 Management people hired</td>
</tr>
<tr>
<td>5. Product identified</td>
<td>21 Technical people needs defined</td>
<td>44 Sales campaign begun</td>
</tr>
<tr>
<td>** Physical feasibility studied</td>
<td>22 Locations evaluated</td>
<td>45 Salesmen hired and trained</td>
</tr>
<tr>
<td>6. Market identified</td>
<td>23 Supply needs defined</td>
<td>46 Sources of supply found</td>
</tr>
<tr>
<td>7. Future market identified</td>
<td>24 Supply sources availability assessed</td>
<td>47 Make or buy decision made</td>
</tr>
<tr>
<td>8. Target market identified</td>
<td>25 Distribution system defined</td>
<td>48 Supply sources selected</td>
</tr>
<tr>
<td>9. Personal investment capacity determined</td>
<td>26 Salesperson needs defined</td>
<td>49 Location selected</td>
</tr>
<tr>
<td>10. Return on investment goals defined</td>
<td>27 Management information system</td>
<td>50 Technical people hired and trained</td>
</tr>
<tr>
<td>11. Profit goals defined</td>
<td>28 Administrative people needs</td>
<td>51 Management information</td>
</tr>
<tr>
<td>12. Ballpark of costs estimated</td>
<td>29 Management people needs defined</td>
<td>52 Manufacturing plant set</td>
</tr>
<tr>
<td>13. Sales goals defined</td>
<td>30 Outside help needs finalized</td>
<td>53 Administrative people hired and trained</td>
</tr>
<tr>
<td>14. Timing evaluated</td>
<td>31 Organization structure defined</td>
<td>54 Production people hired and trained</td>
</tr>
<tr>
<td>** Legal constraints evaluated</td>
<td>32 Operating plan and budget</td>
<td>55 Materials inventory purchased</td>
</tr>
<tr>
<td>** Patent search</td>
<td>33 Capital needs defined</td>
<td>56 First product made</td>
</tr>
<tr>
<td>** Patent application</td>
<td>34 Capital needs for buying going concern defined (if needed)</td>
<td>57 First sale and delivery made</td>
</tr>
<tr>
<td>16. Review and revision performed</td>
<td>35 Buyout versus startup choice made</td>
<td></td>
</tr>
<tr>
<td></td>
<td>36 Overall policy finalized</td>
<td></td>
</tr>
<tr>
<td></td>
<td>37 Review and revision performed</td>
<td></td>
</tr>
</tbody>
</table>

* Adapted with variations from Swayne and Tucker, Effective Entrepreneur, (1973)
What do we mean by a "small firm"? The choice of a definition depends on the purpose to which it is to be put, so that different aspects of smallness may therefore be more appropriate for some purposes than for others. For questions about employment and employment growth, for instance, a definition based on numbers employed is preferable. If, on the other hand, one is concerned with financial provision and the support small firms receive from banks and other financial institutions, the value of assets, sales or some other financial measure may be more appropriate and relevant. The capital or labour intensity of the industry in which the firm is located may also be an important determinant of an acceptable definition, if undertaking specific industry or comparative research.

Other research is guided by the more practical consideration of the form the required data is held in and the form official statistics take. One is obliged to modify pure definitions in the light of those used by government in requesting the processing information from industrial census. These observations are even more pertinent for international statistics where differences may occur not only in definition but also in the techniques of data collection. These variances highlight the problems of utilising data and generalising from data not collected specifically for the problem in question.

Rigid definitions of the small firm can therefore be potentially misleading. To observe the small firms role in the economy, however, some form of working guidelines must be adopted in order to handle the available
statistics. An overview can then be given of the number of firms, their size, distribution, industrial classification, manpower, and contribution to GNP. This information is useful to emphasise the increasing importance and contribution of the small firm to the development of the economy. This is especially true in the Irish context where increasing emphasis and encouragement is geared towards getting people to start in business. Government and state bodies are providing indigenous Irish firms with incentives and are moving away from providing very high grants to large international firms.

The definition of the small firm which is generally accepted in Britain has its origins in the Report of the Bolton Committee (1971) which quickly found favour over earlier attempts by the Macmillan Committee (1931) and the Radcliffe Committee (1959). The Bolton Committee distinguished between a statistical and an economic definition in order to separate the creation of entirely new firms from the spawning of subsidiaries by large organisations. It is a well-documented part of the regional economics that the 1960's and 1970's saw a considerable growth in subsidiary plants. The Bolton definition suggested that 'true' small firms are those which (a) have a relatively small market share. (b) are managed in a personal way, and (c) are managed independently in that they do not constitute part of a larger enterprise whose owners or managers exert an influence over major decisions. A small firm, as statistically defined, may still be a major supplier in a specific market, or may even enjoy a local monopoly.

The Bolton definitions were adopted by the Wilson Committee in 1979 with turnover thresholds adjusted upwards by the Retail Price Index to
make a crude allowance for the effects of inflation. It produced the following definitions for the different sectors:

**TABLE 5.0: Definition of the Small Firm (UK)**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>TURNOVER</th>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>£ 185,000 p.a. or less</td>
<td>200 employees or less</td>
</tr>
<tr>
<td>Retailing</td>
<td>£ 730,000 pa or less</td>
<td>25 employees or less</td>
</tr>
<tr>
<td>Wholesale Trades</td>
<td>£ 365,000 pa or less</td>
<td>25 employees or less</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>5 vehicles or less</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td></td>
<td>All firms excluding multiples and brewery managed public houses</td>
</tr>
<tr>
<td>Motor Trades</td>
<td>£ 365,000 pa or less</td>
<td>25 employees or less</td>
</tr>
<tr>
<td>Miscellaneous Services</td>
<td>£ 185,000 pa or less</td>
<td>All firms excluding multiples and brewery managed public houses</td>
</tr>
<tr>
<td>Road Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catering</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** The Bolton Committee defining the small firm

In a study of the birth of new firms on Clydeside and in the West Midlands, Firn and Swales (1983) found that the average number of employees of new manufacturing companies formed between 1963 and 1972 was 17.5 and 16.9 respectively. On Clydeside 47 per cent of new firms, and in the West Midlands 38 per cent, had fewer than 10 employees on start-up. Moreover, these statistics may tend to overstate the size of new firms since the data refers to those surviving at the end of the period and thus fail to take into account the size at birth of the numerous firms which must have been formed, traded and dissolved during that time. Had these been included, the average size recorded would probably have been lower.
Secondly, new small firms are an important source of future large ones. We must therefore be aware of the fortunes of the entire small firm sector, though undoubtedly many firms - for reasons of choice, optimality, and ease of management - never leave the sector.

The author decided to obtain an understanding of the definitions used in the Irish context. The Industrial Development Authority (IDA) define a small business as any individual either in service or manufacturing sector which employs less than 50 people. Shannon Development define a small firm along the same parameters. FAS define a small firm as any firm employing less than 80 people. The Irish Productivity Centre considers firms employing less than one hundred people small. The Small Firms Association regards firms employing less than one hundred as small. This provides the reader with a sample of the definitions used by the various state and other organisations. The definitions can be broken into two segments, those which indicate 50 employees is maximum for a small firm, and those widening the definition to include ones with up to 100 employees. For the remainder of the research the author will define a small firm as having 50 employees or less.

The significance of the small firm sector to the Irish economy as a whole is very significant. Their contribution is likely to increase as Government and state bodies are moving towards development of indigenous Irish firms as a more secure means of creating employment and wealth.

There are 3,300 Irish owned manufacturing firms, employing less than 50 people each. Their contribution to output, imports and employment are
highlighted in the following table.

**TABLE 6.0 Economic Contribution of the Small Firm (Ireland)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Numbers</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing exports</td>
<td>£0.4bn</td>
<td>5</td>
</tr>
<tr>
<td>Manufacturing Output</td>
<td>£2.3bn</td>
<td>16</td>
</tr>
<tr>
<td>Manufacturing Employment</td>
<td>45,100</td>
<td>24</td>
</tr>
<tr>
<td>Manufacturing Establishments</td>
<td>3,300</td>
<td>72</td>
</tr>
</tbody>
</table>

(Government Publication)

These 3,300 firms account for 45,000 jobs directly. Average employment per firm is 13, with only 20% of firms employing 20 or more persons. These firms are widely dispersed with many enterprises located in rural areas where alternative employment opportunities are scarce.

The significance of the small industry sector to Ireland’s economic development is not only in its contribution to balanced regional and rural development but also its role in

* Creating an industrial tradition in an economy that is by European standards, still heavily dependant on agriculture as a source of employment.
* Provides an infrastructure which can link with and provide services for larger industrial enterprises.
Provides a basepoint from which larger and more significant enterprises can develop.

Policy makers and state bodies are developing programmes to encourage individuals to start in business and develop indigenous firms. These policies not only include financial packages, but will provide educational business programmes, including incubator units, assistance and advice. The above details provide an understanding of the type of firm and structure the author is researching.

1.5 **SUMMARY**

The key issues which have emerged from this element of the literature review are:

- there is a move away from the classical idea that entrepreneurs are born not made. More contemporary views lean towards the Austrian school which emphasise that if the correct infrastructure is available, then it will encourage these individuals who want to become entrepreneurs and will facilitate their requirements.

- Individuals start in business due to a variety of push and pull factors which can have varying degrees of influence depending on the individual.

- Individuals need to be aware of the various milestones or problems that need to be overcome to establish and develop the business successfully.
CHAPTER TWO

THE DEVELOPMENT OF THE SMALL FIRM
2.0 INTRODUCTION

The previous chapter has provided an introduction and a basis for understanding the small business, which is the primary subject of this research. This second chapter will now examine in more detail the various stages of development of the small firm, the specific management characteristics of the small firm, how they differ from the large firm. Finally, the author will analyse the job of the manager and the competencies required to perform their job more effectively and efficiently. The chapter will provide an understanding of the specific requirements of the small firm in relation to management development programmes.

2.1 AN EVALUATION OF THE MODELS OF SMALL FIRM DEVELOPMENT

The previous section has provided an understanding of the various approaches used to define the small firm. The author will now examine a number of models devised to understand the development process in the small firm. This will provide an insight as to the problems and limitations encountered and how they are overcome by the owner/manager. This information is also essential for programme designers as it allows them to develop a package suitable to the specific requirements of the owner/manager.

The following table outlines the various models under discussion. The table outlines the features of the various schools, their attitude to management development and the approaches used when management development is undertaken.
<table>
<thead>
<tr>
<th>MODEL</th>
<th>FEATURES</th>
<th>COMMENTS</th>
<th>IMPLICATIONS FOR MANAGEMENT DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Currall &amp; Stanworth The Business Cycle</td>
<td>3 stages - Artisan - supports intrinsic satisfactions - Classical - managing change - Manager identity - more from entrepreneurial to professional management</td>
<td>not provide sufficient detail to understand the growth of a small firm</td>
<td>simplistic in nature - can be used only as a guideline for understanding the film. It does not provide details on the behaviour of the manager, or how it changes as the film grows.</td>
</tr>
<tr>
<td>2. Currall &amp; Stanworth Stages of Development</td>
<td>States the film evolves through 5 stages which lead to improved management and leadership.</td>
<td>Provides detail and a format to understand the progress of a film</td>
<td>provides programme designers with method of evaluating the status of the manager and then can devise a programme accordingly. It provides knowledge on the characteristics of the manager and how they perform their duties which is important for course design.</td>
</tr>
<tr>
<td>3. Anonymity &amp; Utterback Technology and Career Cycle</td>
<td>Emphasises technology and innovation rather upon the organisation</td>
<td>Provides an interesting contrast to the more traditional life cycle approach.</td>
<td>- Does not provide enough detail to devise a programme for the owner/manager, as it only deals with two aspects of the film. It does not take into consideration the individual behind the business and their requirements.</td>
</tr>
<tr>
<td>5. Clifford Business Development Framework</td>
<td>Model is based on 3 strands - Size, Structure and Self</td>
<td>It provides an integrated approach to understanding the firm. It also evaluates the behavioural aspect of the owner which is important.</td>
<td>- It is useful for programme development as it is detailed and facilitates programme design. This is perhaps the best approach to use in programme design as it provides information on the firm, its structure, the manager and the interrelationships between these variables.</td>
</tr>
</tbody>
</table>
Small Firm Growth and Development - The Business Cycle

Curran and Stanworth (1989) see the firm as passing through three phases.

First is the ARTISAN stage, which involves managers developing their idea/concept into a product which can be sold into the environment. The owner manager at this stage has the primary objective of gaining autonomy and independance in the work sphere, choosing the individuals they work with and deciding on the direction of their future product/firm. This stage can be compared similarly with the early phase of the Product Life Cycle approach put forward by Gibb (1984) where the manager is responsible and accountable to themselves as they control rigidly the direction of their firm and the individuals in the organisation.

Basically the role of the manager centres around obtaining and supporting intrinsic satisfactions.

As the firm expands the manager must adopt broader roles and functions, requiring knowledge in a number of disciplines of business. The manager adopts the role of the "classical manager". This introduces the second stage, the CLASSICAL STAGE. Priorities of the manager change as the structure and problems facing the business change. Work becomes more intense, the manager is constantly firefighting to maintain position in the marketplace. This stage is again reflected at the second stage of the Product Life Cycle approach. Maximisation of financial returns is of great importance.
As the firm expands even further, Curran and Stanworth state that the firm enters its third stage i.e. the **MANAGER IDENTITY STAGE**. Here the values of the manager change. They often feel at this stage that their business has lost its "small is beautiful" syndrome, as the firm becomes more impersonal, the owner/manager feel they are losing control of the business they started. This results in change of objectives for managers and for the business. This appraisal is simplistic in nature and does not treat in detail the various problems associated with each stage and how they might be overcome. Programme designers should only use this as a guideline for basic understanding of the firm, it is not sufficient to guide in specific programme designs.

Curran and Stanworth (1989) put forward an alternative method for depicting the growth cycle of the small business, which they consider more beneficial, and detailed. The model can be described as follows:
Table 8.0: Curran and Stanworth - The Career Cycle Approach

<table>
<thead>
<tr>
<th>STAGES</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>STARTING</td>
<td>Sourcing finance, people and equipment.</td>
</tr>
<tr>
<td>CASH</td>
<td>Need to source finances to help develop the business and alleviate cash flow problems.</td>
</tr>
<tr>
<td>DELEGATION</td>
<td>Critical stage of change for the business. The manager must realise the importance of, and develop the ability to delegate. Fear by manager of losing control.</td>
</tr>
<tr>
<td>LEADERSHIP</td>
<td>Development and implementation of clear leadership styles, which provides the company with a focus and suitably motivates and maintains employees.</td>
</tr>
<tr>
<td>PROSPERITY AND MANAGEMENT</td>
<td>Managers need to plan and develop strategies for the firm, which allows them to develop in the marketplace.</td>
</tr>
</tbody>
</table>

The above stages are similar to the product life cycle approach and allows again for self evaluation by the owner manager which provides them with a situational viewpoint of their status and the status of the company. This model provides greater detail on firm and manager development. An understanding of this model is useful for both programme designers and owner/managers themselves. It facilitates
programme designers by allowing them identity where managers are in the career cycle and then develop programmes suitable to managers requirements. It is a beneficial tool for owner/managers as they can analyse their progress to provide them with a situational viewpoint at a particular time, which allows them then to assess what their problems and requirements are.

Characterisation of the company cycle in terms of stages receives some support from the research of Lievegord, (1973). Most of the research however seeks to elaborate on the growth of companies, from small to large multinationals which frankly is too broad a characterisation for detailed understanding of the growth of the small business itself. However, understanding the parameters that change during the growth and the uneveness of change associated with growth is an important feature. These stages and the associated "barriers " give a clue to the potential and type of development programmes required. This approach provides greater detail and forces both the trainer and the owner/manager to answer a number of very relevant questions.

The following approach further investigates this area by examining the effect company size has on the organisation of the firm. Analysis of this approach provides an interesting insight into the type of individuals in the organisation, their interaction with each other, the managers leadership style, and methods used to achieve organisational objectives. This can be useful for programme developers to gain an understanding of the operation of the small firm. An
understanding of the individual owner manager and their leadership style is important as they will determine the objectives of the company and their overall attitude to development programmes.

This model highlights how as the firm grows it faces different problems which require different management skills and competencies.

The approach emphasises both the life cycle of the firm from its initiation stage to decline, and the different roles undertaken by the management at each stage.

STAGE 1: INITIATION

During this stage the owner/manager takes on the role of 'originator - inventor'. The main functional emphasis is on the technological development or innovation of the new product, process or service. The managerial emphasis is on creativity and careful planning in relation to the two vital areas of marketing and finance. The owner/manager must learn how to carry out some form of market research to find out if there is in fact a large enough market for their product / service, how it can be reached, what would the effect of a shift in taste/fashion be on the business, etc...

They must also find out how to raise the necessary capital from the various sources to finance the project and learn how to draw up and understand an income statement, balance sheet and cash-flow with the appropriate profitability, return and risk assessments.
Furthermore they must be able to make financial forecasts of future operations and manage finances in such a way as to avoid cash-flow problems, which is a major drawback for the owner/manager.

During the initiation stage the manager must develop high motivation initiative, competitive spirit and self confidence to overcome negative setbacks. They must be able to measure up the risks they have to take and assess the present and future state of technology in the environment and apply it to their business. They must develop good foresight to the problems they will face in the future and determine realistic objectives and maintain a constant review of them.

These above points highlight the main management requirements of the originator. Some type of formal or informal development programmes should be provided to ensure individuals perform effectively at this stage. The successful completion of this stage is critical for the overall success of the later stages as it involves completion of groundwork and research which will provide guidance and a foundation for future planning of the enterprise.

STAGE 2 - DEVELOPMENT:

In this stage the main problem is the creation of form and structure for the new enterprise and preparation for survival thereafter. Gibb (1983)
The owner must develop keen qualitative and analytical skills for evaluation of alternative solutions to their capital investment problems. Hunt (1988). This stage places heavy emphasis on planning and organising. Financial skills and knowledge of accounting techniques are vital for survival, and accurate forecasts must be prepared for many aspects of the business. They must be able to draw up tactical and strategic plans taking business trends into account and be able to recognise the need for change in both their practices and objectives. As the external environment is constantly changing the manager must be aware of this and the resulting consequences for their firm. This is particularly important due to the fact that most owner/managers operate in a world which is pervaded by events which they can neither control nor anticipate.

Owners must also develop a high degree of managerial capability for evaluation of the various options available to them, to expand develop and learn about the uncontrollable environmental factors which effect their business now and in the future. Furthermore they must develop good interpersonal skills necessary for the negotiation of contracts for materials, sales and financial resources. This will enable them to appeal to customers and have good relationships with their employees. Negotiations to secure finance will be critical to develop and expand the business.

Finally, they must develop their own and access to other information systems to keep up to date on all matters which effect their business. This will overcome the problem of scarce
information which again hinders development. The critical role of the manager at this stage is to plan, ideally for not only the immediate term but also for the immediate and longer term. Planning is essential for the business at this stage to guide and force managers to think ahead, rather than just evolving in a haphazard reactive way.

**STAGE 3: GROWTH**

During this stage the manager will have to develop the ability to manage larger quantities of money and materials to meet the growing requirements of the business. They will also have to develop specific skills related to the production and marketing areas: these include product planning and diversification, production scheduling, inventory and quality control, sales forecasting, competitive pricing, advertising and promotion, etc... They will also need to be able to decide on appropriate credit and collection policies.

Eventually the accomplishment of all these tasks will take more time than the manager has and will also go beyond their specific areas of expertise. While maintaining independance and avoiding being overly dependent on external agents they must be able to recognise the necessity to delegate work when the need arises. Then, having done this they must exercise sufficient control to ensure that the business is meeting its objectives. This stage involves the manager moving away from the "entrepreneurial" management
style to the "professional" style which is required to successfully guide the business.

When employees are recruited the manager must become skilled in interpersonal relations. They must understand group dynamics and learn how to motivate, provide systems of incentives which evaluate and fulfil individual and group needs in appropriate ways.

At the external level meanwhile, they must develop expertise in relationships with financial institutions, government agencies, trade associations, trading partners etc. Decisions implemented at this stage will have paramount effect on the progression and development of both individuals in the organisation as well as on the organisation itself. If undertaken properly it allows the owner to concentrate at the macro level of managing in the organisation, and relieves them from the day to day operational decisions that need to be made. Gibb (1983). It provides them with time to focus on planning proactively in the marketplace. This is often viewed as one of the most difficult stages of development. The owner manager often refuses to relinquish the authority and view delegating as losing control of "their" business. Stanworth and Curran (1983).

**STAGE 4: MATURITY**

This stage is characterised by financial prosperity resulting from successful development and growth stages.
Decisions need to be made as to the most appropriate direction of re-investment of profits and therefore the manager while maintaining the healthy status quo of the business, must be alert to new opportunities open to them.

This recognition of possibilities for diversification is particularly important if the next stage in the life cycle (Decline) appears imminent. If a change in direction is necessary the manager may need to develop new skills to perform activities of which they have had little or no previous experience.

During the maturity stage the manager takes on the role of administrator and is chiefly concerned with the smooth running of operations. Therefore the ability to diagnose problems and interpersonal skills are two main requirements.

Proper time management, which includes the ability to recognise and devote sufficient time to those activities which help the business achieve its objectives most efficiently, is very important, as is proper delegation of work to others, Hunt (1988). For all this the owner must be able to view the business operations from a broad perspective rather than becoming too involved in any one activity which could easily be delegated.
STAGE 5 - DECLINE:

This usually results from the owner-managers failure to create new directions for their enterprise. The major problem is survival, and demise can only be deferred by reorganisation, merger or dissolution, Gibb (1983). Two types of managerial skill are needed at this stage, depending on the circumstances. They are as follows:

The TYPE A REORGANISER is one who is a risk-taker and attempts to 'save' the business by means of developing a new direction for it (perhaps with new technology). Their skill and capability requirements are related to searching out the appropriate opportunity for redeployment of business resources. This may involve negotiating for the purchase of a new process/product, in which case interpersonal skills will be important as well as technical knowledge of the field into which they are attempting to branch.

The TYPE B REORGANISER is an efficiency-seeking changer with little sympathy for past traditions of the business. Their primary skill requirements are financial with the purpose of improving the financial position of the business. They will need to be aware of cost-cutting techniques, budgeting and methods of tightening up the control process of the firm.

Each of these by their own styles can redirect the organisation to at least survival, therefore diminishing the immediate prospect of failure.
The Wilson Committee (1979) is also one of several to use the idea of "stages" to analyse business development. Cooper (1977) also uses stages as a basis for understanding the growth of the firm, and categorises it into 3 main stages.

First, the start-up stage, including the strategic decisions to found a firm and to position it within a particular industry with a particular competitive strategy; second, the early growth stage, when the initial product/market strategy is being tested and when the manager maintains direct contact with all major activities; third, growth stage, often characterised by some diversification for manufacturing firms; organisationally, the firm usually has one or more levels of middle management and some delegation of decision making.

An alternative view based upon technology and innovation, rather than upon organisation, is offered by Abernathy and Utterback (1978) who conceptualise the following stages: first, flexibility, characterised by early single technology, corporate activity focused on the product, and R and D informally and entrepreneurially conducted; the second, or intermediate phase is characterised by a growing range of products being more widely used and growing corporate emphasis on marketing, although the product line will contain one stable, baseline product.

The Life Cycle notion has also been invoked at various points in
time by (Steinmetz (1969), Mueller (1972), James (1973)). It can be viewed as important as it represents the exogenous determinant of the potential size of the enterprise. Thus market demand and industry structure characteristics of the product life cycle approach determine the scope for understanding small business growth. This life cycle approach evaluates the small firm from a change in the role of the owner-founder to the emergence of some formal management structure where the owner begins to delegate their operating role and then some of the management roles, (Gremer (1973), Churchill & Kevis (1983)). These structure adaptations are necessary for the continued growth and success of the firm. This is viewed as passive and ideologically but often not realistic. O’Farrelll & Hitchen (1988), indicate that the development of a managerial division of labour (structure) may be a consequence and an instigator of successful growth.

The life cycle notion provides a good understanding of the progression of the small firm. A more comprehensive framework has been put forward by Megan Clifford (1991) who evaluates the development of the firm along a number of factors.

Megan Clifford (1991) put forward a very interesting framework which provides a more comprehensive approach to small firms and their growth. This integrated model involves essentially 3 strands, namely size, structure, and self. This encompasses the growth and development of the business over its life and examines the various impacts/influencing factors at each stage.
SIZE: This refers not just to the number of employees but those regularly involved with the business, whether partners, joint owners, or employees, etc. Clifford has emphasised two basic critical size thresholds - 8-10 and 40-50 people as it is at these stages that marked changes in the pattern of delegation and management takes place. When discussing size, Clifford also included the ability of the owner-founder to adopt or not within the business to meet the demands of the role, overcome the stresses it creates and derive the appropriate satisfactions financial and otherwise. The principle adaption required is that where delegation is involved, and the need and ability to delegate is driven by the number of people involved in the business. This can be compared
with Curran and Stanworths (1988) model which indicate that the delegation phase of the business is critical to ensure survival and growth.

**STRUCTURE:** The structure strand according to Clifford has three basic characteristics:

1. **OWNER-OPERATOR** structure, where the founder is involved in carrying out the basic functions/tasks of the business. This requires an individual who is multidisciplinary and has a knowledge of all aspects of the business. This can be compared to the life cycle approach in the first stages as it requires the manager to have the ability to undertake all managerial functions of the business.

2. **OWNER-MANAGER** - This is later in the life of the business similar to phase 2 of the product life cycle, where the founder now devotes time to the general management of the firm. General in, that the founder is the sole manager and responsible for all functional aspects of the business. Very little delegation is evident in this situation.

3. **OWNER-DIRECTOR** - is one in which the division of labour is applied to the management task and specialised managers are employed to deal with functions of marketing, finance, etc. This facilitates further growth of the business.
SELFP

The self profile strand analyses the behaviour of the manager and is very important for programme providers to understand. This can be closely compared with Curran and Stanworth (1983) model previously analysed, as they emphasise the importance of understanding owner/manager behaviour, as this in turn dictates company behaviour. The involvement of the artisan is direct within the business, which produce the intrinsic satisfactions and define their role.

The classical entrepreneur is seen as willing to relegate intrinsic satisfactions and produce financial return as the primary motivation. Also the possession of power is an important motivating and challenging factor. The manager needs to be recognised as essential by others, indispensable and for managerial excellence. However the self strand needs to be analysed objectively. The real abilities of the manager must be valued, performance and results must be examined. For any management development programme organisers there needs to be an understanding and congruence between the three variables of size, structure and self.

For example, in the over large small business with the owner operator structure and owner stressed artisan, something must change but just matching style with structure is not sufficient if the artisan identity persists. Another example would be where the manager identity creates a structure of owner director which is
premature for the size of the business.

Successful growth and development of any small firm is contingent upon the successful interaction of these 3 variables and their ability to adapt to each other. Clifford (1991) indicates that in any small firm there are no simple casual relationships, everything can determine everything else.

These relationships also have very important implications for succession aspects of the firm. Succession will only be successful and effective when the above three key dimensions are able to adopt accordingly. It is interesting to understand the relationship that exists in an organisation and the effect on those relationships if one variable is changed. This has implications for management development programmes. This approach is detailed and provides for a detailed understanding not only of the organisation itself but also of the behaviour of the individual owner/manager.

Peter Gorb, (1988) in order to obtain a better understanding of the small firm and the role of the manager, examined the company in the following way. He viewed the business as existing at three levels.
1 = Individual and their attitude to business.
2 = Controlled environment in which they operate/perform (micro
    task environment)
3 = Uncontrolled external environment that impacts upon the
    business (macro environment).
The three levels are identified and discussed in the following table

<table>
<thead>
<tr>
<th>SPHERE I</th>
<th>SPHERE II</th>
<th>SPHERE III</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Owner sets own objectives and evaluates own performance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Development is through experience, and trial and error.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Tend to retain rigid control and does not delegate.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Resources especially financial are scarce.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Similar to stage 1 of the Product Life Cycle approach.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Emerging impact of micro environmental factors.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Owner needs ability to manage a number of diverse activities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Contingency approach to management needs to be adopted.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- The manager needs to delegate and look to outside sources for assistance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Similar to Stage 2 and 3 of the Product Life Cycle Approach.</td>
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<tr>
<td>- This sphere concentrates on managing the macro environmental factors.</td>
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<tr>
<td>- Managers need to constantly scan and monitor the environment to avail of opportunities.</td>
<td></td>
<td></td>
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<tr>
<td>- This tests the ability of the manager to prompt and manage change effectively.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Similar to stage 3 of the Product Life Cycle Approach.</td>
<td></td>
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</tbody>
</table>

Table 9.0: Small Firm Interrelationships.
Source: Gorb P and Dowell and Wilson P. Small Business Perspectives

-64-
The above model provides a rather simplistic version of the small enterprise and its development. It provides a limited perspective of the complex set of interrelationships that exist in the small firm, it fails to examine in sufficient detail the context within which the firm operates. Gorb's model can be used as an introductory model to begin our understanding of the owner managed firm. These models provide a sample of approaches that are used to provide an understanding of the firm and how it develops and its requirements. A revisit to Table 10.0 will highlight the most useful approaches which guide management development. These approaches which are useful to programme designers, are Curran and Stanworths model, and the approach voiced by Megan Clifford.

2.2 THE OWNER MANAGER - THEIR MANAGEMENT CHARACTERISTICS

The models discussed in the previous section provide an understanding of the stages of development of the small firm. Many of these models do not provide us with sufficient detail on the management characteristics of the owner/manager, which are critical for programme providers to understand and accommodate. The following section provides a list of the various characteristics of the owner manager and how they impact on the performance of the small firm.

David Sutton (1988) highlights the following characteristics which can be used to understand the smaller firm and its manager.
1. The small firm is predominated by the role of one person, is independently owned, and behaves that way. This individual can be referred to as the originator of the business, who has developed their idea and who wants to maintain control of their idea. This domination of the business can last into Stage 11 of the Development Cycle of the Company, where the manager is then forced to relinquish some control.

2. There is a lack of management expertise in the organisation, as the owner manager will employ individuals who are not management specialists, Gibb (1983). Progression in the organisation to management level is usually from worker (Clerk, Salesperson, Operative etc.) to supervision and then to management. This does not usually develop until the organisation develops and expands and the owner manager realises they can no longer operate the business successfully without expertise and assistance from other managers. This poses a critical stage for the manager as they fear lose of control if they delegate too much responsibility.

3. Small firms are volatile, or, to use a mechanical analogy, have very low inertia Sutton (1988). A single decision can make or break a small company, literally and very quickly. One bad contract, one incautious commitment, one angry word to a key employee or supplier, can sink a small company without trace within weeks. Some large companies have made strings of bad decisions, year
after year, and are still with us. The small firms' volatility makes them extremely vulnerable to events outside their control. In boom times, small firms mushroom and prosper. In recession, they die like flies in winter. Above everything else, it is this volatility that makes small firms genuinely difficult to manage.

4. Trade is often lumpy, and survival is a day-to-day battle to get orders, products out of the door, individual invoices paid. Just one or two hiccups in the chain can be fatal. The flow is not smooth, it is all variations which, if you are lucky and can be avoided, add up to a relatively smooth result.

5. It is virtually impossible to avoid becoming technically over-dependent on someone, somehow. Customers taking too much of the output, orders that are too large and lead to overtrading, suppliers who can control production or costs, providers of finance whose conditions mean death or glory, all of these are wrong in theory and virtually unavoidable in practice. Charan (1981)

The obverse of the coin is that to survive volatility, lumpiness and overdependence, the manager has to learn to react quickly, Gibb (1983). Risks are taken, not because small companies like taking risks, but because they are driven to taking them by evident necessity, which manifests itself much more quickly, and much more sharply, than in the slow-moving environment of the large firm.
To run a small company, the manager has to know at least a little about all aspects of running a business, from purchasing to corporate finance, Gibb (1983). Good quality advice is difficult to get, and generally not affordable by the owner/manager. It is rarely that the company accountant is both interested enough, and has enough time, to understand the business thoroughly and then give practical advice. Good consultants are generally very expensive. Good managers are not easy to attract, or to grow within the firm.

All this adds up to the vital necessity for a well balanced manager, or a well balanced team, to run the show. It is not just a banker's prejudice; small firms are as good as the few people who run them. If they are good, they can do exceptionally good things. Sutton (1988).

6. The manager has a wide and varying job covering a wide variety of often unrelated tasks, which in a larger firm would be represented by different hierarchial levels. This places extra pressure on the manager who is often not from a business background and is operating under time and financial restrictions. This varied job portfolio may be sufficient for a period of time, but as the firm tries to develop the manager does not have the ability or the time to undertake the duties with the dedication they require.

7. Events occur very quickly in the organisation. Success or even survival depends on the ability to give a service by responding promptly to customers and competitors. This results in
the manager constantly firefighting, reacting to immediate problems, the perceived need to "jump to it" whenever a customer snaps their fingers, which results in too much concentration on the present and lack of planning for the short term or future requirements of the organisation. This inability or unwillingness to plan is one of the main reasons for failure in the small business. Eisenhardt (1988).

8. The manager has to deal with a host of detail which they should delegate. Refusal or inability to delegate in the small firm may be due to the unavailability of suitable staff to delegate too; or the fear of loss of control over the organisation which they have worked hard for; or an assumption that individuals in the organisation would be unable to carry out the tasks required in an efficient manner. Curran and Stanworth (1988).

This is a critical problem for many small firms as they develop and try to expand. In this regard, Drucker (1974) has the following comments:

"In many small, and especially in small and growing businesses, the top man is criticized by his associates for spending his time on the wrong things. If by that they mean that the key activities of the business are not being taken care of, their criticism is well taken. But often they mean that he is using his strengths and tackling the activities he is particularly good at, whereas other and equally important key activities are not being done by him. Then the answer is not to talk to a man who, for instance, is not very good at handling people but excellent at finance into letting the controller do the finance work, while he himself takes on the management of people. The answer is to recognize that a top man fitted in the financial area is a major asset. But then, somebody else better take over the people responsibility which is a key activity and has to be discharged."
This suggests that the manager should use the concept of comparative advantage in deciding which tasks to perform and which to delegate. The justification, of course, is analogous to the economic theory that countries should export goods in which they are relatively or comparatively more efficient. Naturally, the total amount of delegation will be restricted by the resources available to the firm.

9. The small firm manager is always short of information. Information costs money i.e. attending events outside the firm, entertaining, buying in data and information services and processing them in the firm. Selecting the right information can cost even more money and the small firm is notorious for not only being short of cash but also for spending what cash there is on today's operations rather than tomorrow's information, consequently, planning suffers. Managers need to be made aware of what type of information to look for and more importantly where to obtain this information at the most effective cost.

10. The typical small business is minimally organised, the organisation or structure that exists is often informal. For a small organisation this may be an advantage, as individuals in the small organisation need to be flexible and have the ability to work in the various aspects of the organisation. This is necessary as the firm cannot afford to have underutilized resources and staff need to have the ability to change as the immediate needs of the firm.
change. Research has also shown that the well less defined the organisation structure the greater the potential for the adapting to change when operating in a volatile environment as the small firm does.

11. Decision Making: Tibbits (1979), discusses the decision making abilities of the owner manager. Decision making is critical for any organisation, as this involves decisions about planning both tactically and strategically for the organisation. Decisions and their effectiveness will determine the success or otherwise of the organisation.

Tibbits (1979) indicated that the limited resources (time, human and financial) of the small firm cause it not to have any significant impact on its environment. Decisions in this type of organisation are often made on a subjective, intuitive basis, rather than in a carefully documented objective manner. This is often due to the inability to realise the need for external guidance, which the manager is hesitant to avail of, either due to ignorance of what sources would be useful, or unwillingness to admit that they do not have total control over their firm. This results in uninformed decision making resulting in a reactive style of management, what is common is intuitive or "back of the envelope analysis". The owner manager needs to be taught how to make decisions, how to be selective and differentiate between information that is relevant and accurate against that which is superfluous or misleading.
Peter Drucker (1973) emphasises the importance of good decision making for the small business, as they require concrete plans, giving direction to the firm in the immediate and medium term. Drucker said they cannot afford to become "marginal", they need to be opportunistic. Decision making is a continuous task of the manager, decisions need to be made regarding the internal and external environment.

12. Expectation of Quick Results. Owner managers often have the problems of expecting and assuming positive results will emerge quickly from an investment either in time or capital. Unfortunately this generally does not materialise which distorts the plans and expectations of the owner manager and any external consultants they may be dealing with.

Other problems faced by the small firm are referred to in the Bolton paper (1988). They refer to four potential "gaps" which result in the job of the owner manager being more difficult. The four gaps are as follows:

(1) Information Gap

This refers to the owner/manager having insufficient or irrelevant information with which to work with. Sutton (1988) also highlighted this problem. Information is an important resource for the firm, and operating without this resource results in poor decision making and a less efficient firm.

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(2) **Problem Solving and Technical Gap**

This refers to difficulties faced by owner/managers in taking a logical analytical approach to problem solving. Again this results in the manager not fully realising the potential or actual problems facing their companies, and implementing solutions which are not sufficient or postpones the problem for the immediate term.

Counselling and assistance is required in this instance to develop the observation, analytical and decisive abilities of the manager to deal with and predict problems facing the organisation.

(3) **The Learning Gap**

This is recognised in terms of the limited knowledge and experience of the owner manager outside their own specific industry or area of expertise. This is usually most evident in the start-up situation, when the manager is faced with a number of varying problems that require a solution. At this start-up stage the manager needs the ability to be a general manager with experience in the various facets of business. Suitable management development programmes play an important role in developing the necessary competencies required by managers at this stage.

(4) **The Resource Gap**

This relates the general lack of resources the owner/manager has at their disposal, (i.e. financial, human, and technical resources are limited). This results in other aspects of the business receiving less attention than required, i.e. lack of planning for the medium to long term, market development, new product development, etc. are
forgotten about in the organisation. Insufficient time is a major problem for the owner/manager. Sutton (1988) also identified the severity of this limitation as it results in "seat of pants" or reactive performance by the manager. Wilson (1979), indicated that access to finance caused many headaches and problems for the owner manager, as they were often unsure of what source of finance provided the best return at the lowest cost. Gibb and Scott (1987) highlighted the owner/managers ability to predict or plan for "change" as being an important factor to consider, when providing any type of counselling or development programmes. Any organisation change occurs as a result of external, internal or a combination of these factors. From the previous problems discussed i.e. information, technical, learning and resource gap, it is easy to understand how the process of change is mismanaged or even ignored by the manager.

To plan properly and effectively for change the manager must be able to predict the change and its impact on the firm then determine its own firms situation in the context of its strengths and weaknesses. Objectives must then be set for the company, followed by a strategy to deal with the change.

Unfortunately many small firm managers do not follow this process and react to change in a forced manner. This is a critical problem for the firm as it develops and expands. The manager is faced with change in their business environment. Owner managers who fail to make the transition from the enterpreneurial structure to a more bureaucratic structure often fail or loose out on market opportunities.
The Bolton Report (1971) summarises by stating that managers learn by solving problems rather than anticipating them, which is basically learning from experience and trial and error. This has implications for the design of material, which will lean towards action learning based to suit the company’s requirements.

The report also highlights the fact that the owner manager is virtually synonymous with the company. The managers development is the company's development. Due to the organic nature of the company development process, the general resource constraints and the owners limited horizons, assumptions about rational economic behaviour which may be applied to larger organisations cannot be made. This highlights the importance of provision of "software" assistance to small firms.

The psychological immersion of the owner/manager which is a key factor for initial success, leads to serious dysfunctional developments, with the growth of the enterprise. The organisation structure is completely dominated by the owner/manager. The enterprise is run in an autocratic, directive way, whereby the manager refuses to delegate, is impulsive and has no interest in conscious, analytical forms of planning. The manager makes no distinction between operational decisions and strategic decisions. The organisation structure is poorly defined and has no sense of priorities. An absence of standard procedures and rules exist, combined with a lack of formalisation. Thus, job descriptions and responsibilities are
poorly defined or non-existent. This situation contributes to a high incidence of role conflict and role ambiguity, leading to low job satisfaction, low self-confidence, a high degree of job-related tension, a high sense of futility and low confidence in the organisation.

Initially the manager had the ability to inspire their subordinates, but now the mere fact of growth has complicated this process and leads to the problems identified above. If the manager refuses to change, few capable subordinates will remain in the organisation. Individuals who do not challenge the manager's authority will remain on. With further growth of the enterprise, the effectiveness of the organisation structure and the method of decision making becomes increasingly insufficient, in coping with the complexities of the external environment. A small company cannot adopt a no-growth stance. If an organisation is to survive it must grow and develop.

We live in a society with a strong growth ideology. Growth is progress and business people are often judged by this criterion. If the manager maintains their rigidity in attitudes, or refuses to modify their behaviour, abdication and succession is often the only alternative, if the continued growth of the enterprise is not a major goal.
2.3 SMALL FIRM MANAGEMENT VERSUS CORPORIST MANAGEMENT

As has been mentioned previously much of the literature on the small firm is generic in nature and does not facilitate an understanding of the specific problems of the small firm. Management Development Course providers often assume that the same problems and characteristics can be associated with the small and large firm. The following section reviews some of the literature which highlights the differences that exist and the importance of understanding these differences. Figure 6.0 outlines these contrasts in diagram form.

The corporist management scenario can be contrasted to the entrepreneurial approach. The corporist manager sees incremental development as a means to risk reduction, with an intuitive understanding of the complexity of the changing environment and the recognition that policy and practice are closely intertwined and are constantly affecting each other, even day to day. Yet the successful manager possesses a sense of strategic awareness stretching into a longer horizon. Gibb and Scott (1975). Entrepreneurial management is dominated by action strategies with negotiation, and rethinking of plans, as and where necessary. This contrasts with the corporist manager’s broad based pre-negotiation strategy for decision making, into which they are forced by the need for personal risk reduction.
**Figure 4.0: "Entrepreneurial" Versus "Corporist" Management: Some Contrasts in Values, Beliefs and Goals**

<table>
<thead>
<tr>
<th><strong>Entrepreneurial Management</strong></th>
<th><strong>Corporist Management</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth by green-field ←——→ Growth by acquisition management.</td>
<td></td>
</tr>
<tr>
<td>Short time horizons ←——→ Long time horizons</td>
<td></td>
</tr>
<tr>
<td>Informal strategic project ←——→ Formalised planning systems planning (policy and practice interlinked and changing and emerging)</td>
<td></td>
</tr>
<tr>
<td>Failure means missed opportunity ←——→ Failure means resource-centered misdemeanour (varied and from standard)</td>
<td></td>
</tr>
<tr>
<td>Seeks incremental development ←——→ Seeks large-scale development as a means to risk reduction with risk reduction by analysis/information</td>
<td></td>
</tr>
<tr>
<td>Pursues action strategies with ←——→ Pursues pre-negotiation negotiation as and where necessary strategies for decision making (personal risk reduction)</td>
<td></td>
</tr>
<tr>
<td>Management evaluation on task ←——→ Management evaluation as completion routine aspect of organisation</td>
<td></td>
</tr>
<tr>
<td>Status equals success in the ←——→ Status equals control over market resources</td>
<td></td>
</tr>
<tr>
<td>Avoidance of overhead and risk ←——→ Seeks ownership of all of obsolescence by high subcontracting resources with objective of power and control</td>
<td></td>
</tr>
<tr>
<td>Pursues effectiveness in the ←——→ Pursues efficiency information market-place to justify control.</td>
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</table>

For the owner, real failure is missed opportunity. For the corporist manager, failure is often associated with weakness over resource control; and misjudgement is suspected when there is a variance against the standard to be adhered to. Status for the owner/manager lies in success in the market-place, and what that means socially and personally. For the corporist manager, success is often the power that stems from control over resources. This and associated status in turn breeds objectives of acquisition of more resources as a means of further control, risk reduction and the adoption of large numbers of efficiency measures involving major amounts of information in order to justify such control. For the owner/manager, concentration on success in the market-place means that concern is to minimise those things that need control, and therefore resources to control, particularly overheads, as well as concern to avoid the risk of obsolescence of internal resources and internal control problems, by large amounts of subcontracting. These differences lead, in turn, to differences in organisation systems within which these management styles operate. The essence of "corporist" management is clear, well-rounded systems, logical structures, hierarchy and clear responsibility. All this ensures and maximises accountability. The owner/manager is likely to be more content with a flat organisation, with overlap, an organic structure, and confusion in responsibility leading to challenges to legitimacy of power, but within an overall operating climate of trust, Ronen (1978). This is highlighted in the following figure 7.0.
**Organisational Contrasts: Entrepreneurial versus Corporist Management**

<table>
<thead>
<tr>
<th>Entrepreneurial Management</th>
<th>Corporist Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat organisation structure</td>
<td>Hierarchial organisation structure</td>
</tr>
<tr>
<td>Challenge to owner legitimacy</td>
<td>Clear authority</td>
</tr>
<tr>
<td>Need to trust others for reward</td>
<td>Clear reward systems defined</td>
</tr>
<tr>
<td>Organic relationship emerging</td>
<td>Rational/legal structures</td>
</tr>
</tbody>
</table>


Many of these basic efficiency tenets of good "corporist" management may work against creating enterprise, including the clear allocation of functions, regular reporting, continuous recording and assessment of achievement, efforts to achieve co-operation by committees and paperwork - and thus "better" communications, and painstaking efforts involving a good deal of energy, to avoid overlaps. Comprehensively flavouring all this is the need to avoid transparent failure. In contrast, the entrepreneur is using failure as a learning process all the time, and is mainly concerned with avoidance of the ultimate failure, that of failing to survive.
Implications for Management Development

By positioning polar contrasts between the small firm and large company corporist management, questions are begged about the management values implicitly or explicitly held in many large organisations. It can be argued that these values are in turn implicit or explicit in much of the management teaching as purveyed by business schools.

Lack of understanding of the differences that exist between the small and large firm results in problems in the delivery of management development programmes. Many programme providers assume that the same type, structure and content will satisfy both market requirements. This is not realistic, as the owner/manager has very specific requirements which are no longer relevant to the corporate manager who has already progressed and survived through these stages. The differences outlined between the corporist and entrepreneurial manager has implications for actual programme, design, structure, content, pricing and promotion. It is critical that programme designers realise this to produce successful programmes for the owner manager. Figure 8.0 summarises this section by describing the overbearing influence the owner manager has on the growth and size of the firm.
**FIGURE 6.0: MANAGEMENT: SOME CONTRASTS TO BE FOUND BETWEEN LARGE AND SMALL ORGANISATIONS**

<table>
<thead>
<tr>
<th>MANAGEMENT</th>
<th>SMALL</th>
<th>LARGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(owner manager)</td>
<td>(senior executive)</td>
</tr>
<tr>
<td>Job definition</td>
<td>Ill defined</td>
<td>Well defined</td>
</tr>
<tr>
<td>Evaluation of performance</td>
<td>The market</td>
<td>Assessment/appraisal</td>
</tr>
<tr>
<td>Rewards</td>
<td>Uncertain</td>
<td>Guaranteed</td>
</tr>
<tr>
<td>Exercise of all-round managerial skills</td>
<td>Wide</td>
<td>Narrow</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Narrow; relatively personalised/ experiential</td>
<td>Wide</td>
</tr>
<tr>
<td>Planning</td>
<td>Short term; off-the-cuff</td>
<td>Short - Long; formal</td>
</tr>
<tr>
<td>Policy initiative</td>
<td>Scope immense</td>
<td>Restricted</td>
</tr>
<tr>
<td>Leadership</td>
<td>Personality inspired</td>
<td>Positional - &quot;expert&quot;</td>
</tr>
<tr>
<td>Control system</td>
<td>Informal</td>
<td>Formal</td>
</tr>
<tr>
<td>Communication</td>
<td>Haphazard, unstructured</td>
<td>Structured</td>
</tr>
</tbody>
</table>

As a business expands, formerly successful management practices tend gradually to become obsolete. Recognition of this fact as the business progresses from start-up to growth is of crucial importance to its continued survival. Furthermore many studies have indicated that precisely those qualities of the entrepreneur which are most needed during start-up tend to have a detrimental impact upon the business during its growth phase. Orlan (1987)

Therefore it is essential for the owner/manager to recognise at an early stage that sometimes radical changes in the manner in which the business operates will be required if the venture is to survive in the long-term. Such admission tacitly accepts the need to change from entrepreneurial to professional management. Charan Haper and Mahon (1980).

Specifically those characteristics of entrepreneurial firms that require modification before such a transition can be accomplished have been identified in the literature, (Charan Haper and Mahon 1980, Orlan 1987) as follows:-

(a) the highly centralised nature of the decision-making system;
(b) the overdependence on one or two key individuals for the firms survival and growth;
(c) the inadequate repertory of managerial skills and training;
(d) the paternalistic atmosphere.
Ironically these factors which in no small measure account for a business's success in the start-up phase militate against the firm's survival in the long-term. If the firm is to continue to strive for profitability and growth it must give attention to efficiency-related operative goals and activities. By thus focusing on efficiency, a firm will make it difficult for others to compete.

This adjustment in goals, of course, does not mean that such start-up goals as creativity and innovation should be abandoned, but rather, additional goals must be adopted, for example, frequently it is necessary for a business to expand from a single product into a product line. This may well entail the firm attempting to balance sometimes incompatible goals. Two possible techniques a firm could employ when encountering goals that pull in different directions are 'satisficing' and 'sequential attention'. Orlan (1987) Satisficing means accepting satisfactory, rather than optimal levels of performance across several goals. Sequential attention means devoting attention to various goals in sequence, devoting a limited amount of time to each.

To achieve efficiency, adjustments are usually necessary in a firm's key people and design traits. A helpful strategy in these situations is for the manager to put together a management team and delegate authority to team members. For most managers, adoption of such a strategy, requires a very major personal adjustment on their part. However, they should note that if such
changes are not initiated, sustainable growth for the business will become increasingly problematic, if not downright impossible.

Thus transition to professional management is imperative as the firm proceeds from start-up to the growth phase. Charan, Hafer and Mahon (1981) contend that a professionally managed firm uses a formal organisation structure based on its current needs and exhibits the following characteristics:-

(a) Allows for delegation of authority;
(b) Uses formal information analyses and an 'intra-firm' i.e. within the firm, consultative process to make decisions.
(c) Is free from dependence on certain key individuals;
(d) Displays a certain amount of interchangeability among its components.

Of course such metamorphosis of the start-up firm, as that outlined requires a planned and carefully executed approach. The model proposed by Charan et al (1981) consists of the following four stages which can be used by the manager to effect such changes:-

(i) Analysis and evaluation of existing business strategy, structure and decision-making process.
(ii) Formalisation of decision-making and information systems of the firm.
(iii) Selection and training of key personnel and the development of middle management.

(iv) Monitoring this change process.

These steps provide the owner/manager with structured guidelines on how develop and change from the entrepreneurial style of management to the professional management style.

2.5 SMALL FIRM FAILURE

A high formation rate of new enterprises can increase the stock of firm and reduce unemployment but the demise of firms counteracts these gains. It is important, therefore, to ensure that as many viable new enterprises as possible survive if society is to reap the true benefits of business founding. Unfortunately, research evidence shows that business formation and development is a hazardous business, Gill (1985). Many firms fail especially in their formative years. For example, Bowden (1989) in a BBC radio programme claims that of 100 firms who are starting trading today will cease to trade within three years and 20 more will expire in the next seven years. Birley (1986) surveyed some American studies on the topic and argues that "most of the studies... relate failure rate to the age of firms. Thus Churchill (1955) found that more than 30 per cent of firms failed within the first year; Hoad and Roscoe (1964) found a 43 per cent failure rate within three years in Michigan; Siropolis (1977) concluded that only 50 percent of firms in the US live as long as 18 months; Hisr
(1988) indicated 3 out of every four businesses fail each year; Massel (1978) found that 57 per cent of all failures were less than five years old; Birch (1979) showed that 32 per cent of firms which die are between and four years old, Scott (1982) disagrees about the vulnerability of new firms and argues that the statistics regarding small firm failures in their formative years are exaggerated. He reports that in his British follow-up study on 935 firms, as few as 16 per cent ceased trading in less than five years while 60 per cent traded for more than five years. Further British follow-up studies indicate that 29 per cent of the firms in Mason’s (1981) survey did not survive as independent ventures over a three year period. 33 per cent of Cromie and Ayling’s (1988) firms experienced the same fate.

While Scott’s dissenting voice should not be ignored the literature cited above suggests that between one-third and a half of new firms cease trading in their early years.

Failure is an unfortunate experience for the individuals involved but there are those who argue that it is one of the key functions of the market mechanisms to discriminate between organisations which have a viable market and those who do not. It is in no-one’s interest to encourage the long-term survival of the latter; indeed, Storey (1985) argues that by assisting firms to survive "the logic of the market place" may be by-passed. However, it must be recognised that firms sometimes face temporary market difficulties and outside support may provide a vital breathing space until demand revives. Furthermore, Drucker (1985) argues that many small firms have markets which they lose to competitors because they focus on one narrow market and do not search for outlets other than the one (the product) was originally intended to serve. Essentially
business failure can be attributed to internal and external factors, or a combination of both.

For the purpose of this study the author will concentrate on the internal factors which are related directly to the owner/manager. The original motivation of the individual to start in business, their level of readiness and their general attitudes will have an important bearing on how effectively they manage the business. Specific reasons for failure emanating directly from the owner/manager are now discussed.

**Managerial Incompetence**

Perry and Pendleton (1983) estimate that 90% of business failures are associated with "management inadequacy", which consists either of management inexperience or incompetence or both. Williams (1987) deriv similar conclusions to Perry and Pendleton, in that small business fail is generally a consequence of management inadequacy. The estimates produced by Williams attribute 60.5 per cent of business failures to management inexperience. This result had been anticipated by Peacock (1986) whose study of businesses found that management inefficiency was prime cause of failure. Berryman (1984) summarised the causes of small business failure cited by several small business authors. The authors reviewed were unanimous in their support for the contributing factors relating to management inadequacy. Management failure was also a funct of having limited access to the information required to assist business decisions. One-third of the eighteen research studies reviewed found "inadequate or poor accounting records" as a cause of business failure,
while approximately one-third considered a "deficiency in accounting knowledge" and "lack of management advice" as contributing factors to business failure.

As a consequence of inexperience, owner/managers often fail to access or prepare information to assist in business decision making. The failure to access accounting information or to keep adequate records, so as to facilitate the preparation of accounting information, is also normally associated with management inexperience.

Dun and Bradstreet statistics show that 50% of the business failures are attributed to the incompetence of the owner/manager. The manager of the small business does not have the capacity to operate it successfully. The owner lacks the leadership ability and knowledge necessary to make the business work. Many managers simply do not have what it takes to run a small enterprise.

Managerial factors such as failure to keep adequate financial records; much emphasis on production, not enough on marketing, R & D, liquidity, internal administration, all contribute to poor company performance. A Italian study of new technology electronics firms has emphasised that a balance between the knowledge/information inputs of marketing, finance, R & D and administration is essential for success. Even in an industry so highly dependent on R & D, over-emphasis on this as with any other aspect of the business leads to failure. By and large it is the managerial factors which cause most problems to new firms. The expertise of the founder is usually narrow and technical. They lack experience and
certainly skills in general management and for this reason many suffer
failure more than once until they have acquired sufficient experience a
learnt new skills. It is noticeable that those founders with managerial
e experience at start-up have a higher success rate. This is probably
related to the fact that comparisons have shown that companies that pla
better than those that do not, even though they do not follow the plans

Entrepreneurs lack the right background e.g. commercial training.
Experience in management skills is wanting. Insufficient stamina, leve
activity, social and contact routines, openness to information etc. Coc
(1981). These points have also been highlighted in the Galvin Report
(1988). Knowledge of these problems provide educators and programme
designers valuable ideas for content and structure of management
development programmes. One critical element of any programme is to
develop the management skills of owner/managers in the context of manag
a small firm.

Finance

The dominant mode of closure, approximately 75% in the UK is financial
failure leading to compulsory liquidation, bankruptcy or take-over. Th
first three categories of failure were usually of this type, essentiall
due to failure to recognise changes in the business environment or lack
foresight. The last two are responsible mainly for voluntary closures
previously profitable or potentially successful firms.

Financing does not seem to rate as a cause of failure in itself, at lea
entrepreneurs themselves do not rate it high on their list of problems. This may be largely explained by their unwillingness to use sources of finance which, as they see it, might lead to loss of independence in running their business. Another reason is that new firms now tend to enter industries with low initial capital requirements. But finance for growth is a major problem. An Irish entrepreneur cited the difficulty of raising finance to support development. The finance in this case was provided from profits made in installing imported products. Financing of a new manufacturing firm from profits in distribution or other non-manufacturing activities seems to be a particularly successful mode of seeing the new business through start-up and the valley of death.

The financial aid system itself can cause problems. Bureaucratic procedures lengthen the process and increase the uncertainty of obtaining funds. Slowness in payment of grants by agencies and of invoices by large firms also poses severe financial constraints on the owner/manager. There has been one of the problems or criticisms associated with dealing with such bodies. Gill (1985) in a survey of new firms and their financing, indicated problems in such areas as lack of finance to purchase necessary working fixed capital. Slowness in getting paid was also a problem occurring in this survey.
MARKETING

Lack of Marketing Knowledge

Carson and Cromie (1989) highlight the problems which a lack of understanding of marketing and its benefits can pose for the small firm. Owner/managers often perceive marketing as a "buzz" word, marketing for the small firm generally just entails selling, which is not sufficient for successful market penetration and expansion. Cleric (1988) also highlights the inadequacies of marketing in the Irish small firm and views it as a major contributing factor to failure.

Failure to Plan

So many small business owners do not realise the importance of proper planning to their firm's success. Failing to plan the company's future at the outset will have a devastating effect on its future existence. Gill (1988) noted that proprietors often lacked the confidence to plan or approach consultants who could assist in this area. This failure to plan weakens the entire company and manifests itself in two ways: lack of a strategic plan and unplanned expansion. Hartman (1984)

Owner/managers operate on a reactive basis, dealing with problems as they occur. Due to the time constraints and lack of knowledge of how and the benefits of planning, owner/managers rarely have tactical plans, and rarely have strategic plans.
Unplanned Expansion

Growth is a natural, healthy, and desirable part of any business enterprise, but it must be planned carefully. Ideally, expansion should be financed by retained earnings or by capital contributions from the owner, but most businesses wind up borrowing at least a portion of the capital investment required.

Expansion usually requires major changes in organisational structure, business practices such as inventory and financial control procedures, personnel assignments, and perhaps other areas. But the most important change occurs in managerial expertise. As the business increases in size and complexity, problems tend to increase in proportion, and the manager must learn to deal with this. Sometimes managers encourage rapid growth, and business outstrips their ability to manage.

Lack of Inventory Control

Normally, the largest investment the small business manager must make is in inventory; yet, inventory control is one of the most neglected of all the managerial responsibilities, Hartman (1984). Insufficient inventory levels result in shortages and stockouts causing customers to become disillusioned and not return. A more common situation is that the manager not only has too much inventory but also too much of the wrong type of inventory. Many small firms have an excessive amount of working capital tied up in an
accumulation of buffer stocks. When one small department store owner began reorganising their storage room, they found a huge quantity of outdated slacks, shirts, and ties that were virtually archaic on the market. This kind of waste through spoilage or obsolescence of the merchandise represents huge actual costs and opportunity costs.

**Improper Attitudes**

A number of obstacles to success may arise from the attitude of the small business manager. First, the individual must be prepared to work hard and make sacrifices, Beele (1983). If they think small business management is easy they should not go into business. Success requires hard work - and a lot of it. Beele (1983).

Second, they must avoid the fatal mistake of saying, "I'm the boss and I can take off whenever I please". Without enthusiasm and guidance, the business is likely to fail. A South Carolina sporting goods store owner assumed this attitude after two years in business, and while he was fishing, the business was dying.

Third, they must not overextend themselves. While having outside interests and activities is healthy for both the owner and their business, overcommitting themselves is dangerous.
Stanworth and Gray (1991) highlighted the need for development of skills for organising and motivating people. As the owner manager depends very heavily on its employees, it is important that they are trained properly to do the job, motivated to stay with the firm and are sufficiently flexible and innovative to undertake tasks across the various functions of the business. It is important that the owner manager perceives employees in this positive aspect, and does not act as the "autocrat" manager continuously. The owner/manager must delegate responsibility and authority in the organisation to facilitate growth. However in realistic terms the manager often fails to do this or leaves it too late, resulting in high turnover and loss of valuable staff. This problem contributes to the failure of the business.

Berryman (1983) substantiates this idea, and states that this deficiency may arise because owner/managers are largely unaware of events in their organisational environment.

The bulk of the secondary research tends to attribute the cause of failure to the owner/manager, implying that they are totally responsible. They tend to forget the effect that exogenous factors may have on company failure, Zimmer and Scarborough (1988). The general health of both the local and national economy can have major influences on the ability of the firm to perform and grow. If the general economic climate is depressed, showing high interest rates, lower discretionary income, this will have a negative impact on the larger firm, but will be much more severe if not
fatal to the smaller organisation.

This can be viewed and supported in today's economic climate in Ireland and Britain, with large numbers of smaller organisations exiting from business.

Holman and Fletcher (1989) in the US, found macroeconomic factors such as the real money supply, GNP, interest rates to be very significant factors. The macroenvironmental factors can be analysed as follows:

In conclusion then, the process outlined above suggests possible procedures to use in analysing and evaluating the firms evolving situation and provides a systematic approach to be adopted to effect transition. Ultimately, however, the success or failure of the transition process rests squarely on the shoulders of the individual manager.

To understand the firm in total it is important to understand the high level of failure that exists in the small firm sector and examine the reasons why failure occurs.

2.6 SUMMARY

Many texts and much of the literature on small business management assume that the classical or traditional concepts of planning, organising, co-ordinating and staffing functions of management can be applied and used as guidelines when defining the attributes of the small firm and the functions of the owner/manager.
However this approach suffers limitations, mainly due to its generic attitude and does not realistically provide an insight into the small firm and its specific requirements. The relevance of the literature available must be evaluated on two counts to determine its suitability i.e. realism and relevance, Tibbits (1979).

The discrepancies between the classical approaches and reality are large and suggest that the traditional ideals are unattainable. Certainly the discrepancies cannot be attributed to a lack of knowledge, since these approaches have been widely publicised for years and have been supported by executive development courses.

Given that the environments of small firm managers are normally as dynamic and more uncertain than those of large firm managers, there are serious doubts as to the applicability of classical management theory to small business. Some environmental factors can have a detrimental effect on the small firm as they do not have the resources or the management expertise to be able to overcome these problems, i.e. changes in technology can result in small firm becoming less competitive and lose market share as they do not have the financial resources to replace technology as the larger firm would.
CHAPTER THREE

THE ROLE OF MANAGEMENT DEVELOPMENT AND THE OWNER/MANAGED FIRM
Management development as a topic is in a state of ferment and growth. Increasing amounts of literature are available on the topic and provide an array of definitions, conceptualisations and theories. However, it is important that the literature is read with caution when discussing it in the context of the small firm. The literature tends to "overemphasise" the planned and deliberate and exclude many of the experiences which are particularly real for managers. Management development is linked to learning, however, many of the programme providers fail to see this. Management development programmes often contain and deal with carefully planned and deliberate functions. This may be due to the inability of course providers to understand and integrate these controlled day to day accidental and frenetic activities from which managers obtain learning (Revans, 1988). Programme providers need to work on the formal and informal aspects of management development draw them together to develop a complete model of a total process.

Management development must be considered in the context of the size and structure of the organisation, therefore it is important that management development programme providers understand this relationship, especially in the context of the small firm, where management development is synonymous with organisational development.
This chapter will concentrate initially by evaluating the topic of management development in the general context and will then discuss it specifically in the context of the small firm. Other issues discussed will include the attitude of owner/managers to management development, the reasons for low participation in programmes, what are the specific requirements of the owner/manager in terms of management development. Finally, various approaches to management development for the owner/manager will be evaluated.

3.1 NATURE OF RESEARCH OF MANAGEMENT DEVELOPMENT IN THE SMALL FIRM

The literature on the management development needs of the owner/manager is considerable and mainly falls into three categories:

1. Much is prescriptive and often lacks a theoretical and/or empirical base related to small business, and still reflects the supply-oriented outlook which has plagued education provision in general for so long. This literature frequently deals with needs which have already been articulated or assumed and does not determine what the real needs of the owner/manager is.

2. The literature specifically focusing on the identification of needs often emphasises the procedures used by the researchers to identify needs rather than on how such needs are identified
by small business owner-managers themselves. Thus the processes and methodologies used by owner-managers which shape and determine their perceptions of management development needs, have been a neglected area of studies.

3. Much of the research on the topic has sought to establish consistent patterns between categories of identified needs and a few situational factors and/or characteristics relating to the owner/manager and their businesses. This approach has lead not only to an over-independence on those variables which are highly visible or easily measured but also have a relative disregard of their often complex inter-relationships.

As a result, much of the research into small business management education and development needs, in common with small business research in general, "appears fragmented and unrelated" Sexton, (1987). These problems are further compounded by the use of different definitions, sample compositions and sizes, which have been discussed in Chapter 1. In addition, the relative lack of emphasis on evaluation of management education by both suppliers and their customers has made it difficult to assess to what extent existing provision is even matching known needs. This proves an interesting point for research, which will be addressed and highlighted in the empirical research.

The small business manager faces a unique problem unlike the larger firm manager which maintain a highly specialised and
trained management workforce. Many small businesses usually operate by the "seat of their pants" or 'rule of thumb' Sexton (1987) which may have worked in years gone by but is ineffective in today's dynamic and competitive economic environment. Small business managers must possess or acquire a modern understanding of management principles to maintain direction and continuity.

The task confronting the small business manager is to understand and recognise to what extent the changing environment affects success or failure and to learn how to manipulate the variables accordingly. Failure to anticipate and cope with the external environment generally contributes to the inability of small businesses to survive.

The task of the small firm is to recruit and train competent staff to assist management in dealing with the multiplicity of problems which confront small businesses daily. Individuals who fail to recognise shifts in the external environment, or in the economy - will find themselves overtaken by more sophisticated and dynamic small businesses, and indeed are prime candidates for failure.

Individuals, regardless of their educational and professional experiences, are never fully versed in every aspect of business management. Often, successful owner-managers will realise this and attempt to fill in the needed voids to successfully run their
businesses. Some hire internal personnel with specific expertise, while others rely on external experts. Often unsuccessful owner-managers have indicated that they neither sought or used the services of any external source of assistance.

The major fallacy concerning small businesses is that they are merely ‘small big business’, Solomon (1983) However, small businesses are separate entities which may evolve into big businesses. Thus, new and distinct methods and techniques are needed to deal with the unique problems of a small business.

A crucial factor that contributes to growth and that eventually limits the small business is what McGuire (1976) labelled ‘bounded entrepreneurial expertise’. He defined it as "the individual’s stock of knowledge about both the operations of the firm and the present and future internal and external environments which exist".

'If the expertise were perfect, the stock of knowledge possessed by the individual would allow them to maximise profits and promote efficient expansion of the firm to its optimum size. Many owner-managers possess less than perfect expertise and as such are limited in their capacity to expand their scope of expertise.

Essentially, the concept of bounded expertise implies that knowledge is possessed in insufficient depth and inadequate breadth to sustain the optimal rate of expansion. If the
owner-manager fails to use and acquire additional expertise, the changing environment will create problems that the individual cannot identify or deal with effectively. To remain viable, the owner-manager must at least be aware of how, where, and to what extent their managerial knowledge is limited. In the small business, there is a need to know a wide variety of managerial subjects and this places a tremendous burden on the owner-manager.

McGuire (1973) believed that there were three ways in which owner-managers could enlarge and update their managerial expertise: (a) through formal or informal educational processes; (b) through the use of external advisers or consultants; and (c) through the addition of 'experts' to the firm like an accountant.

Land, (1975) supported McGuire's views concerning owner-managers' options for enlarging and updating their skills and knowledge. Land believed that there were basically three alternatives for alleviating deficiencies in the area of managerial expertise: experience, education, and management assistance.

In the final analysis, the progress of the business depends on the will and energy of the individual owner-manager. External resources from private and public sectors can be mobilised to help the small business, but their effectiveness depends on what the owner-manager does with them.
For the remainder of this chapter, the author will introduce the issue of management development and progress to discuss it in detail in the context of the small firm. Discussion will concentrate on the reasons why owner/managers do not get involved in management development programmes and decide on what is the best type/structure of programme to suit the requirements of this firm.

The attitudes of the provider side or the trainers will also be discussed to identify problems opportunities they perceive in designing suitable programmes for the owner/manager.

3.2 **THE SCOPE OF MANAGEMENT DEVELOPMENT**

The practice and field of management development is creating a great deal of interest among practitioners and academics alike. This is emerging as the realisation that management is the core element of the organisation, and is viewed as the "critical resource which holds the key to unlocking the potential in all other factors of production"

Storey (1989). This has resulted in management development as the theme of conferences, seminars, papers, reports, etc.

To provide an introduction to the topic of management development the author will reference a number of studies undertaken in the last few years on this topic, namely The Handy Report (1987) and The Galvin Report (1988) which deals specifically with the Irish situation.
The level of commitment to management development in Ireland is unacceptably low, given the varying challenges that face the country. Advisory organisations which are convinced of the importance of management development, and make a consistent investment in it, are the exception. Expenditure in Ireland on management development is inadequate, whether measured by comparison with international practice or in relation to national needs. The Galvin research shows that in 1987:

- Over one-fifth of the top 1,000 companies spent nothing on management development, or do not know how much they spent.
- Over half the top 1,000 companies spent less than £5,000 on management development.
- Public-service organisations spent more than the average for all private-sector companies, but well below the level for large companies.
- Foreign-owned companies spent on average 50% more than Irish-owned companies.
- New companies spent considerably less than established ones.

While the situation is serious throughout the public and private sectors, it is especially serious in small, Irish-owned, and in new companies. (The Advisory Committee on Management Development)
Since management development is critical to the achievement of corporate goals, it should be regarded as important an investment as that in research, plant or equipment. Valuable results from management development will be achieved only if the organisation puts sufficient resources behind these efforts - budget, facilities, personnel, time.

For the same reason, management development requires the active commitment and involvement of the chief executive and senior managers on a continuing basis. In the case of the small firm it is critical that the owner/manager realises their need for and benefit occurring from management development programmes.

It is essential that management development is carried out systematically, continuously and consistently. Thus it is not a discretionary or one-off activity.

Data gathered by the Committee yielded new information on how much is spent by users on formal management training and development in Ireland. Specifically:

- Large companies (500 plus employees) spent on average £68,000 per company on management training and development in 1987.

- Those with 100 to 449 employees spent on average £17,000.

- Those with less than 100 employees spent on average £8,500.
Public service organisations spent in excess of industry in general – but well below the level for the very large (500 plus employees) companies, i.e. £37,000 on average compared to £68,000.

Foreign-owned companies spent one and a half times as much as Irish-owned companies.

Service sector (including financial) and manufacturing sector companies spent almost twice as much as distribution firms.

Longer established companies (20 plus years) spent considerably more than younger companies.

Case study data showed an average of 1.4% of total payroll being invested in management training and development.

One in ten of the top 1,000 companies in Ireland did not spend anything on management training and development in 1987, while at the other end of the scale a similar proportion (11%) of those companies, 62% of which had 500 plus employees, spent over £50,000. Approximately one in three of all managers attended some type of management course in 1987. This proportion was higher in the foreign owned, larger and older companies and lower in medium-sized companies. The Report does not provide specific data on firms with less than 50 employees. Expenditure on management development would be extremely low in this area.
The previous mentioned data can be compared with the findings of the Handy Report (1987) which compared management development practices in a number of countries.

That level of commitment can be illustrated by these findings of the Handy Report:

- 42% of the top 500 companies in the US and many large organisations in West Germany and Japan devote more than five days off-the-job training per year to each manager;

- 53% of directors on management boards of West Germany's largest companies have doctorates, not necessarily in management but in engineering, science, law, etc.

- 85% of top managers in both the US and Japan have degrees. The comparative figure for Britain is estimated to be 24%. Comparable figures for Ireland are not available.

One of the main points articulated in the Handy Report is that, while the principles underlying the development of managers are similar, the approach in each country is quite different. Each grows its managers in a different way but each has its own well understood route into a managerial career and a clear set of expectations as to how managerial competence can be improved.
In Britain (as in Ireland) there is no well-signposted and generally accepted route to management. These comparisons provide interesting reading and highlight the inadequacies that exist in management development practices in Ireland and UK relative to other European countries.

3.3 MANAGEMENT DEVELOPMENT DEFINED

The following table provides a summary of a number of definitions which provide a comprehensive introduction to management development.
<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Ashton et al (1975)</td>
<td>&quot;The conscious and systematic decision action based process to control the development of managerial resources in the organisation for the achievement of organisational goals and activities&quot;.</td>
</tr>
<tr>
<td>Molander (1986)</td>
<td>&quot;A conscious and systematic process guiding management effort&quot;.</td>
</tr>
<tr>
<td>Morris (1971)</td>
<td>&quot;The systematic improvement of managerial effectiveness within an organisation, assessed by its contribution to organisational effectiveness&quot;.</td>
</tr>
<tr>
<td>Training Services Agency (1977)</td>
<td>&quot;An attempt to improve managerial effectiveness through a planned and deliberate learning process&quot;</td>
</tr>
<tr>
<td>Storey (1989)</td>
<td>&quot;A field of study not a discipline&quot;.</td>
</tr>
<tr>
<td>Calvin Report (1988)</td>
<td>&quot;Enhancing the abilities of all managers in the organisation to perform their jobs in an outstanding manner&quot;.</td>
</tr>
<tr>
<td>Denning, Hussey &amp; Newman (1978)</td>
<td>&quot;Define management development as the total process which an organisation adopts in preparing its managers for the growth and change that occur in their working environment&quot;.</td>
</tr>
</tbody>
</table>
The initial two definitions put forward by Ashton and Molander (1986), emphasise the conscious and systematic effort undertaken by managers. This would indicate that managers are proactive and realise the benefits of getting involved in development programmes. This trend is more realistic in the larger organisation, where management development and training are built in objectives in the business. For the small firm, the owner/manager does not generally perceive the need for development, and would concentrate expenditure on more tangible goals which provide direct and immediate return. Management development in the small firm is still viewed on the peripheral of the business.

Morris’s (1971) definition can be applied realistically to the small firm as organisational development is synomious with manager development and efficiency. This is true only for a certain period of growth along the company life cycle. As the organisation becomes larger, greater distance develops between the manager and the organisation. This requires a different approach of management development in terms of content and structure etc. of programmes.

The Training Services Agency (1977) emphasis not so much the planned and systematic aspect, but the importance of learning. Learning whether formal or informal is the core of management development, as this learned behaviour can then be translated back into their work situation. Any effective management development programme must take this into consideration and not separate formal management development from informal or accidental learning, which is often gained from experience Kolb (1983).
Storey's (1989) concept of management development is very broad and general, which allows a flexible approach to management development. However, because of its generality it can be too vague and not specific to facilitate programme design especially for the owner/manager.

It indicates that management development should be viewed to encompass all management competencies such as conceptual, technical, administrative, interpersonal and personal.

The final definition arises from The Galvin Report (1988) which researched this topic by examining Irish managers and ascertaining their level of commitment to management development. It highlights the need for managers to equip and develop themselves for the difficult and changing future. It calls on managers to be proactive.

The above sample of definitions are representative of the general body of definitions available. In using these definitions one needs to be aware of their generic characteristics, which are beneficial and assist in assimilating the topic. Management development programmes must be designed "in context", i.e. take into consideration, the firm, its managers and its wider socio-economic climate.
The small business sector is heterogeneous and often informal. There is no such thing as the typical small business or indeed the typical owner/manager. As can be reviewed from the previous chapters the small firm will vary in size, sophistication, nature of business, etc. The owner/manager will vary equally in terms of age, qualification, ambition, motivation, commitment, and resources. This is very important to consider when evaluating the attitude of the owner manager to management development.

To obtain an understanding of the attitudes and behaviour of the owner/manager occupational roles which significantly affect the style and behaviour of business activity must be studied. The two factors are managerial orientation and vocational attachment, Geoffe & Scase (1985).

Managerial orientation can be viewed as a combination of the following features: knowledge of and competence in basic managerial functions; an endorsement of the market as an arbiter of individual success; a more or less developed sense of medium-long term business goals and objectives. For present purposes managerial orientation will be assumed to fall between two extremes: high (well developed) and low (poorly developed).
The other dimension, *vocational attachment*, is taken to mean the extent to which an individual is committed to a particular form of industrial activity as an end in itself. Thus, a high level of vocational attachment will imply that work is a source of intrinsic satisfaction and the pursuance of vocational goals a source of self-expression and identity (Cannon, 1967). A low level of vocational attachment is likely to imply an instrumental approach to work, i.e. as a means to an end rather than an end in itself. There is, of course, no necessary reason why the possession of a high level of vocational attachment should preclude an individual from holding other attachments and attitudes (e.g. to business goals) not directly related to vocational objectives.

Using these dimensions it is possible to describe four distinct types of owner/manager style as represented in Figure 9.0.

**Figure 7.0 Dimension of Occupational Role and Managerial Styles**

<table>
<thead>
<tr>
<th>MANAGERIAL ORIENTATION</th>
<th>VOCATIONAL ATTACHMENT</th>
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<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>High</td>
<td>(2) Technocentric</td>
</tr>
<tr>
<td>Low</td>
<td>(3) Marketeering</td>
</tr>
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</table>

**The Traditional Style**

This style is founded upon attachment to time-honoured practices associated with a particular occupation. Not only do these
practices give meaning to business activity, they also form an important part of the individual's personal identity.

Concomitantly, commitment to managerial objectives for their own sake is only weakly developed. Indeed, even business success may be perceived as realisable only through the maintenance of traditional standards and not as an end in itself. Whilst the traditional style may prove successful in periods of minor or gradual industrial change, it is unlikely to be sustainable in the face of rapid technological or market upheaval. It is inherently conservative and introverted. A manager will need to move from this style to a more proactive style which takes into consideration, the changing variables in the environment.

Resistance to change, modernisation and or development is apparent. This results in a business evolving in the market in a reactive unplanned, and uncompetitive in the context of the industry they operate within. Survey findings indicated that these style managers often realised their future, but still did not react or modify their management practices accordingly.

The Technocentric Style

The technocentric style combines a strong attachment to vocationalism with high managerial orientation. In relation to the former this attachment is not to a static tradition but,
rather, to a potential to develop a given industrial process beyond its present boundaries. As such this is likely to demand a high level of technical competence within the chosen field. Coupled with this search for technical innovation is an awareness of the business potential and possibilities of such development. The direction of new developments will be shaped not by technical considerations alone but also by predictions of market opportunities, future developments and long-term prospects.

Managers display a positive commitment to establishing an integral link between technical expertise and business objectives. They display a balanced approach realising that marketing plays an important role in the future development of the organisation. This type of manager realises the need and importance of planning and develops a plan for the future events taking into consideration external as well as internal resources and constraints.

The Isolationist Style

The isolationist style is characterised by a low managerial orientation and limited attachment to vocational aspirations and, in effect, represents a form of individual escapism from the conventional pressures of a market economy. Thus, business activity is not geared to profits or expansion but simply to the maintenance of an individually acceptable lifestyle. Similarly, the nature of the business is relatively unimportant in itself -
it is not a significant source of identity or meaning. The motivation to remain in business is likely to lie in a combination of less attractive alternative opportunities elsewhere and the ability of proprietorship to enable greater satisfaction of non-work life chances. Thus, both vocational and managerial considerations are treated with narrow instrumentality.

The primary concern of this individual is to make an adequate living with as little interference from others as possible. Business is conducted in an "ad hoc" and flexible manner.

**The Marketeering Style**

For the marketers business goals are, essentially, ends in themselves. As such the nature of the business in technical or vocational terms is less important than its ability to yield a regular profit. Thus, business efficiency is viewed not in terms of technical innovation but through measures of managerial effectiveness. It is the market, rather than the nature of the product, which determines changes in practice and, unlike the technocentric style, it can be satisfied at any 'technical' price.

The present data revealed the marketeering style as characteristic of newcomers to the printing industry. Their views were not rooted in past experience of the industry but in a more general desire for business success, perhaps reflecting the fact that all had entered printing from non-manual managerial positions in other
industries. Typically they emphasised the chance to pit their wits and resources against market forces and, hopefully, to win (Bechhofer et al., Binks and Coyne, 1983).

This manager believes that quality is the concern of the customer and is determined by demand. Quality is provided according to customer requirements.

If programme providers can identify their customers according to the above characteristics then suitable programmes can be devised to suit their attitudes, learning ability and knowledge requirements. The traditional style of manager is not interested in management development, are reactive and willing to take the chance of surviving. This style of manager is very different to attract on to management development programmes and if they were to attend, would generally not benefit or change their behaviour as a result. The Isolationalist style is similar, they are happy with the existing status quo for the firm. The technocentric and marketeering style of manager are more open and willing to attend management development programmes. They are more proactive and will search for programmes to benefit their firms.

3.5 MANAGEMENT DEVELOPMENT AND THE OWNER/MANAGER

The quality of management in small firms stands to suffer not only from the small numbers of managers available in any given firm but also from the fact that, for the most part, those that exist are
seldom trained as managers. As the Bolton Report (1971), pointed out:

"The majority of small firm proprietors have no professional or other formal qualifications and only a tiny minority have specific qualifications in management".

They run their business on the basis of their experience and common sense. This may be very effective so long as the scale of the firm's activities remains small enough for one person to control them all effectively, and so long as no serious crisis overwhelms their pragmatic management. Either of these eventualities, however - significant growth or a need to consider drastic changes in the firm's policy is likely to reveal a need for certain specialist skills which are most unlikely to be found within the average small firm Stanworth and Gray (1983).

It would be a mistake to assume that all small firms actually want to expand or are keen to improve their management skills. The most common small business ambition is for independence and autonomy rather than profits or growth (Bolton, 1971), Stanworth and Curran, 1973), Bechhofer and Elliott, 1976), Gray and Stanworth, 1986), Curran (1988), Gray (1990)). In fact, most small firms have only local horizons, a weak grasp of technological and business principles and little desire to expand (Binks and Jennings, 1986; Storey, 1986).

It is slow growth firms which stand to benefit most from management training and development not only as a boost to their own performance but also for the broader development of the small
business sector. It appears that they are instrumental in spawns other successful new firms Storey and Johnson, (1987).

Size-effects in the responsiveness to training and development as a means for boosting business performance seems linked to organisational issues and may also reflect differences in management styles and educational background S.B.R.T. (1989). Certainly, a specific question about training and development in the Small Business Research Trust (SBRT) (1988) quarterly survey, revealed that two-thirds of respondents employing fewer than 15 people had no technical or general business training themselves. Less than half the respondents with fewer than 10 employees extended training to their workforce whereas two-thirds of those employing more than 10 people did claim to provide at least some on-the-job technical training for their employees. The owners of growing firms were more likely to have received themselves some training, SBRT (1989).

The challenge to small business management trainers is to convince these reluctant or busy small business managers with further growth potential that development will help them. For instance, it is generally recognised that most small businesses could benefit from training and development in financial control, business planning, marketing, and time management. Yet, for a number of reasons - time pressures, fear of 'classroom failure', etc., relatively few undertake these programmes Bolton (1971).
This reinforces the impression that small firm weaknesses in vocational education and business skills are strongly linked to broader educational and cultural factors. The minority of small business owners who are attracted to management or enterprise development tend to have a higher regard for qualifications and enjoy higher survival and growth rates than most other small businesses. A Small Business Research Trust review of participants on the London Enterprise Programme (LEP) 1979-84, and a more recent London-wide review of various 1988-89 enterprise programmes, strongly highlighted these educational effects (Gray and Stanworth, 1986; Blythe, Granger and Stanworth, 1990). Roughly 70 percent of the LEP participants who failed to successfully establish a business had no qualifications while 75 percent of these with academic, technical and professional qualifications were still in business up to six years after attending their course.

Excluding courses specially designed for graduates, the higher educational profile of enterprise trainees is still very apparent when compared with all employees, the self-employed and small business owners (up to 25 employees) surveyed during the General Household Survey (GHS) 1984. Gender differences can also be compared for the GHS and London programmes. Because of the links between culture, class and education, it is likely that growth-orientation and the propensity to accept organisational change among small business owners is also linked to broader cultural factors. Indeed, there is plenty of strong evidence
that family background is a powerful determinant not only in the career choice to opt for self-employment and small business ownership but also in subsequent business survival and growth (Bannock and Stanworth, 1990; Hakim, 1988).

Another study undertaken by Kirby in 1988 in the Gwent region, examined the topic of management development, specifically evaluating the attitudes of the owner manager, and particularly the reasons behind their attitudes. The survey involved analysing the responses of 40 businesses with between 10-50 employees. From the findings of previous research (Bolton 1971, Watkins 1983), it is clear that many entrepreneurs have received little or no formal education or have a poor opinion of it. As a consequence, they tend to be somewhat skeptical of the value of training to their businesses and, infrequently, "afraid" of exposing their own educational deficiencies in a training and development environment. Second, it has to be appreciated, as Handy (1987) and Coopers and Lybrand (1985) have recognised, that the nature and provision of development in Britain is inadequate. The Galvin Report (1988) also highlights this point in the Irish context, where very little management development takes place in any size of organisation.

Not only does it take time to change attitudes of owner-managers, but it requires time to ensure that the supply of training and development is appropriate to the needs of this market. Further, the vehicles for delivering development programmes are
inappropriate. With their skepticism of the educational system, their almost pathological dislike of bureaucracy Bolton (1971), and their concern to "optimise" training conditions within the right companies, many owner-managers are reluctant to "apply" for training and development which is perceived both as being offered and, frequently delivered by bureaucratic organisations. These programmes are perceived as being unlikely to yield immediate, tangible benefits to their organisations.

Hankinson (1991) who undertook a survey of small mechanical and electrical engineering firms concluded that managers recognised the need and importance of training and development programmes, but were still very reluctant to allocate funds to it. This reiterates the attitude and perception of the owner/manager to management development. They do not perceive it sufficiently important to deploy scarce financial resources.

Owner manager's generally view the topic of management development and training as either a "luxury", or a "necessary evil", a cost rather than an investment Hankinson (1991), unfortunately the latter would appear the most common perception. Managers fail to realise that effective development can lead to a competitive advantage in the market-place. This negative perception arises due mainly to the time constraints and fear of admitting their limitations, lose of control, etc.
Peterson (1984) in research undertaken with a number of small firms concluded that the following factors influenced the owner/managers level of participation in development programmes.

- Owner managers consider external factors as the major cause of business problems, with less emphasis or blame placed on factors directly under the control of the manager. This is an interesting conclusion and one which can be widely applied across geographical boundaries. It reveals the perceptual and attitudinal problems of managers which fail to examine their own performance. This fact also relates to the problem of actually getting managers to attend development courses, as they do not realise what changes can be made to their performance or competences.

- Tait, (1988), indicated that owner/managers are slow to engage in management development, as the processes and methodologies used by owner managers which shape and determine their perceptions is a neglected area of research.

- Hankinson (1991) implied that the main problem arising with small firm management development is to get managers to realise their strengths and limitations and avail of programmes which will allow them to address these areas. This point is keeping with
the conclusion of both Peterson and Tait (1984). This is perhaps the most difficult problem for trainers and educators to overcome.

Watkins (1983), in a survey in the UK of 321 owner managers concluded "... the firms surveyed were generally inward looking and had a rather limited time horizon. The owner/managers (and many other managers) were too close to the day-today problems of running an independent business to look positively outward into the environment to secure a more prosperous future".

Given this, coupled with the narrow educational and experience base on which most of the firms had been built, and the short-term, inward looking, orientation of the manager, it makes the design of development programmes difficult. Kirby (1982) said the most pressing development needs are arguably the cultivation of a better general environmental sensitivity, coupled with the skills to then construct a sound and coherent policy for the firm and the ability to communicate this fully within the organisation.

Curran and Stanworth (1989) evaluated this area further and found the following reasons for poor participation in management development programmes.

- shortage of time both for attending training courses and for implementing what has already been learned in training. Is a very common objection by managers for their inability or unwillingness to undertake development programmes.
the shortage of resources to make things happen following development. Resources here refer not only to financial, but also lack of human and technological resources required to implement new findings and recommendations which would have arisen from the programme. This results in managers operating in a very narrow tunnel visioned vacuum.

the absence of skilled training staff to identify training and development needs and articulate them clearly, relating them to business problems. In the small firm, it is the owner manager who has the responsibility for identifying their own training and development needs.

unawareness of the programmes on offer and their relevance. Again a very common barrier, the owner/manager due to the nature of their job, are generally firefighting and do not get a chance to sit back and access objectively their development requirements. It also occurs even if management have the time to access their situation, that they are unable on their own to identify what type, structure etc. of programme is realistic and relevant to their requirements.

their varied educational background and very frequently the lack of formal educational qualifications. This would appear most realistic with the longer established business, when educational courses were not as freely available. It would be more common nowadays for the owner/manager to have at last second level education.
concern with investing money in activities that seem to provide a
direct return in terms of output and meeting customers’ needs
rather than activities such as training and development.
Managers because of scarce financial resources tend to prioritise
their investment into areas where they can see direct tangible
returns in a short run basis, i.e. basically investments which
will yield an increase in profits. Management development and
training is not viewed as such an investment. It is often
viewed as unnecessary, time consuming and having a high
opportunity cost. This relates back to the barrier addressing
the perception of managers have to training and development.

a suspicion of structured education and training institutions.
Suspicion which is often developed from ignorance or lack of
knowledge as to what these institutions provide. The perception
of the owner/manager again is important to consider as this
affects and moulds their attitudes towards institutions which are
considered too structured and formal and would not adequately
understand the needs of the small firm and its owner manager.
Unfortunately, in many circumstances this is true. The informal
and personal nature of the small business is in contrast to the
structured and formal set up of educational institutions. This
contrast often results in distrust and scepticism by the owner
manager of the learning organisation.
their familiarity with learning by doing rather than learning in a classroom. Most managers would advocate that their most effective learning resulted from doing, trial and error, or from experience. This factor has been echoed by a number of writers.

inability to pay large company prices for training. Since very little consideration is given to adapting management programmes for the specific needs of the owner/manager and their requirements, programmes result in being very costly for the small firm. They are expected to pay the same amount as the larger firm for whom the programmes are probably more suitable.

certainly some owners may see some of the more sophisticated
management systems advocated by trainers as being a threat to their ego questioning the status of the firm and their ability to manage. Unlike the professional manager the owner-manager has little interest in qualifications per se. Their ultimate qualification is the state and the status of the business. Evidence suggests that the owner/manager is more likely to learn from close contacts, family, friends, customers, suppliers, competitors, fellow business acquaintances and some professional advisors rather than from an independent trainer. This is due mainly to the fact that these sources are familiar, easily approached, continuously available, free or cheap, trustworthy and confidential.

3.7 PROBLEMS ENCOUNTERED BY TRAINERS IN DEVISING PROGRAMMES FOR OWNER/MANAGERS IN SMALLER FIRMS

It is very interesting to obtain an insight into why owner/managers hesitate to go on management development programmes. The reasons previously mentioned are consistent across the board. To balance out this section, the author will now examine the situation from the provider side. This will analyse the main reasons as perceived by trainers as to why owner/managers fail to participate actively on management development programmes Gibb (1991). A comparison of the results of both parties should prove interesting to determine if both parties agree on the same reasons, if not then trainers will need to undertake some more research into this area to improve programme development.
It can be argued that, unfortunately, the nature of the supply offer is such that it contributes substantially to the difficulty in reaching the small firm. Part of the problem lies in the way in which management education and training institutions are themselves organised and geared to supply students and managers of larger firms. Galvin Report (1988). A further part of the problem lies in the style of training and teaching that is perceived as the "tradition of training" Gibb (1991). For example:

- Training institutions employ subject experts who "deliver" their expertise to participants.

- Conventional staffing of training institutions will involve experts in marketing, finance, management control, production, personnel and so on. These experts will be trained to a high level, and may not identify with the level and problems of the owner/manager.

- The majority will have learned their discipline in large firms and from the literature. They are geared to deliver specialist knowledge and not the type of multidisciplinary knowledge required by the owner/manager.

- This can lead to problems of delivery to the owner-managed business at the appropriate level both to their own existing level of understanding and the stage of development that the
company has reached. Moreover, owner/managers are used to management learning through solving problems of a holistic nature rather than through the eyes of specialist subject presentation.

The conventional classroom approach is that the timetable is controlled by the trainer as is the pace of learning during the day within a framework constructed by the trainer. The trainer is a "deliverer" of learning. Such a stance may create difficulty with owner/managers who are used to learning-by-doing and who may have very different levels of existing understanding.

The emphasis of many trainers and teachers is upon theory and concept. The owner-manager is very much concerned with practice.

The owner-manager may prefer a facilitator of learning to a subject expert.

The credibility of the trainer frequently lies in their professional qualifications and expert knowledge. The owner-manager will look for credibility in terms of relevant experience and success and capability in their type of company.

The language of much of business management "technology" is complex and written by those with professional qualifications for those with professional qualifications. This is inappropriate to the small firm.
Much of the training is delivered with the trainer dominating the classroom and the audience in a "passive" role except when questions are invited. This style of learning may be inappropriate to those who are used to learning by doing.

The timetable is rigidly controlled by the trainer to suit the convenience of their working day. Owner-managers may prefer much greater flexibility.

Training is often delivered in institutions, organisations or even classrooms where the emphasis is upon formal learning in a formal learning atmosphere. This may be inappropriate to the owner-manager.

In summary, the owner-manager may frequently be confronted with a training offer which has been developed for professional managers who are "sent" on courses. The emphasis is upon knowledge for their own sake and as an instrument of personal rather than organisational development. Locations and timing are frequently inappropriate. Most importantly, the value system of the education training establishment and of the trainers may be different from that of the owner-manager. There is an implicit value system in much of management development programmes that systems and techniques are equivalent to efficiency and effectiveness in companies. There is an emphasis on control, on tidiness of organisation and administration, on scientific management, on job descriptions and clear demarcations between areas of the business, and in general on formality. In
Contrast the dynamic entrepreneurial small business is untidy, informal, overlapping, loosely organised, flexible in planning and as a result highly responsive to the changing needs of customers.

3.8 MANAGEMENT DEVELOPMENT REQUIREMENTS OF THE OWNER/MANAGER

Unlike their big business counterparts, management development in a small business is generally focused on the individual owner-manager. Eventually, if the business survives and grows, employees will be added and their management development will have to be considered.

As indicated earlier in this study, small businesses evolve from one organisational life cycle and/or stage into another. At each stage, the managerial needs and skills are different and require careful examination prior to selecting a particular management approach.

In the initial stage of operation, Phase I, Gibb (1978) the owner-managers are relying on their personal skills or the uniqueness of their product or service. As the owner-managers attempt to overcome these initial problems and move the organisation into the next stages of growth, they are confronted by numerous problems:

1. Their organisation becomes too large to permit them to supervise the efforts of all their people directly.

2. With inadequate supervision, some of their employees become disloyal and begin to resent the hard-driving attitude of the owner, thus creating motivational problems.
3. Competition sets in and gets keener because others see a 'good thing' going and sense the possibility of quick or easy profit.

4. The owner-manager (who heretofore has not had to be a real manager but just an owner-worker) is under increasing pressure to delegate work. They usually delegate ineffectively because they are not comfortable in this role.

5. Some of the growth pains of the success image begin to set in - the garage-factory gets too small, the rented facilities somehow seem cluttered, and new quarters seem to be urgently (and expensively) in order.

6. The manager is continuously pressed for 'time to do what needs doing'.

7. The manager experiences an overload of worry.

8. All difficulties become problems of crisis proportion.

Apart from technical matters specific to the business, most small business management problems fall under three key functions - finance, marketing and people. However, it is probably wise to draw the distinction between a problem and a training need. A problem is a situation that the small business manager has to deal with, such as finding new finance or new customers, but its solution may rest more with hard work or perseverance than with training. Training teaches
a skill but the skill must be capable of being taught. The use to which the skills are put will be a function of the owner manager's ability and general business awareness. It may be difficult to teach the ability to unearth new sources of finance, to concoct new ideas or to smell a good deal, but the basic skills needed to manage finance, marketing and people, the key functional skills of successful small business management are being taught successfully every day. Indeed, these were functions identified in the Bolton Report as being among the most important small business management deficiencies.

Fifteen years later, a review of post-Bolton small business research concluded that, despite a significant increase in knowledge about the sector, the broad problem areas remained much the same Curran, (1986).

For instance, a number of recent research studies indicate that owner managers have poor financial control of their businesses (Hankinson, 1985; Arnold et al 1985). A slightly earlier review of various studies of small business failure found that accounting problems were those most frequently mentioned Berryman, (1983).

Financial problems may, in fact, by symptoms of other underlying business deficiencies, such as poor marketing performance Burns, (1988). Indeed, 'marketing/selling/finding new customers' is the management function usually identified by owner managers themselves as their single most important small business problem for which training would be suitable (Gray and Stanworth, 1985; Chisnall, 1986; Carswell, 1987). However, small businesses - dealing with younger, less
experienced, lower qualified workforces are anxious to avoid disruptions due to high labour turnover and absenteeism - have an increased need for 'people' skills as they move from a personal style of management to the adoption of a more professional management approach (Curran and Stanworth, 1973; Churchill and Lewis, 1983).

Once the diversity of small business management styles is accepted then, it becomes apparent that small business education and development, if it is fully to meet the needs of those it wishes to serve must provide more than discontinuous, discrete training programmes. Some formal instruction in the 'basic' areas of, say, finance, marketing, personnel and production, might benefit those with poorly developed managerial orientation (helping to make their businesses more stable, if not more dynamic and expansive), such a programme is unlikely to offer much to those who already have a high business orientation. Such managers were likely to have already developed these 'doing' skills through previous experience as managerial employees. For these managers a 'focused'/developmental approach could prove more attractive and more effective : Pedlar et al (1987). These also allow us to view the outcomes/benefits of participation in management development.

1. **Self-development** : the explicit emphasis upon self-development can be an important personal reference point in an expensive and developing company, fostering the realisation that owner-managers also have careers (in the wildest sense) and that, in the long term, these are likely to be most fulfilling if they are
self-directed and goal-oriented rather than merely market-driven. It was notable that those holding a technocentric approach appeared already to exhibit an embryonic tendency towards self-development framed within objectives of vocational achievement. Such a foundation for self-development, however, was less observable amongst the marketeers and, for these managers, the availability of education in developmental techniques (e.g. learning techniques, development planning and appraisal, goal-setting, etc.) might be of considerable use Pedlar et al (1987).

2. **Continuous-development as 'method':** the focused training approach with its emphasis upon self-directed, continuous development provides an important learning skill and discipline that is singularly appropriate to the day-to-day constraints of dynamic small business management. Once basic continuous-development skills have been grasped they can be tailored to fit a specific time-efficient learning medium. In this respect learning is not only continuous but genuinely and actively harnessed to the manager's felt needs rather than those identified by others.

3. **Cultural development:** since much of the emphasis of focused learning is upon 'being' skills there is a concomitant need for an organisational culture which sustains, encourages and develops such skills. For the dynamic small business which is an employer of labour, the creation of such a culture may be a key
factor in developing a committed and effective workforce which, above all, shares its employer’s sense of mission. Whilst ‘doing’ skills such as team building and leadership techniques are important, an effective culture is also dependent upon managers’ conscious awareness of where they are going and what they are trying to achieve. Again there are potentially fruitful lessons here for those working outside the support of an already existing occupational/vocational culture.

4. Management of change: this is a key objective of focused education and, as the results above have shown, all small business managers do not (contrary to popular entrepreneurial myths) thrive in a climate of uncertainty and instability. Whilst those with a high managerial orientation may presently be responding effectively to a changing business environment this does not mean that performance cannot be improved, nor that unanticipated change will not affect them adversely. Thus, those qualities of flexibility which management development seeks to expand could be vital to long-term business success. Indeed, it could be suggested that these skills would be especially appropriate to those with a strong vocational attachment to allow them to cope with any unforeseen changes in the marketplace.

Benefits of participation in management development programmes should be both personally and professionally oriented. Birley and Gibb (1984) put forward the following approach which can be used both to assist in understanding management requirements and the type of
Programmes suitable to satisfy these needs as the manager progresses through the various stages of development.

In Stage 1 there are a variety of programme opportunities including:

- Programmes linked with tertiary education (full-time or part-time) in respect of, for example, the Youth Training Scheme, FAS, Start your own Business Programme, etc., which provide the individual with an insight into what setting up a business involves.

- Work experience programmes linking a course with systematic planned experience in the small firm, and

- Programmes designed to encourage young people with business ideas to explore these and move towards a start-up situation.

In Stage 1 training/education needs focus on survival instruments including basic systems of control (book-keeping); coping with strains on organisation of time; coming to terms more systematically with the market; management of cash, as well as coping with statutory responsibilities Curran and Stanworth (1988).

In Stage 2 the growth scenario will be associated with the opportunity for programmes focused on specific problems and opportunities that arise. These will include exporting; new product development; new
market development; problems of control and development of systems (in the more formalised sense); generally developing a more substantial awareness of the business and its environment outside of that which can be obtained by pure "feel", and almost always problems of delegation and interpersonal relations associated with growth.

In Stage 3 the growth scenario offers substantial potential for programmes involving particularly the use of business techniques in the planning of production; costing, budgeting and financial appraisal, and the control of now emerging centres dealing with the whole of the emergent management together. For the non-growth companies there will be programme opportunities associated with problems of survival and/or run-down.

Over and above the Stages of Growth Gibb (1987) there are a great many other ways in which the market for small business development might be segmented. The stages of growth framework however provides a guideline to the content and level of sophistication of material to be attempted within these different segments. Where these stages are associated with the first-generation development of the smaller business, dominated by the owner manager, the scope for investment of education and development resources is substantial in certain points of the company and career cycle. It will pay, for example, to invest training and development resources and give priority to those owner managers who are relatively young and are committed to growth in the second or third stage, irrespective of what business they are in.
This resource concentration on the opportunistic or more entrepreneurial of the small business population may be the best way to achieve substantial pay-offs for development programmes.

Perhaps the final point to underline in exploring the value of the parallel to be drawn between the career cycle and the company cycle is that it is probably those with higher educational qualifications and therefore, by and large, with more ambitious career aspirations who will seek to grow their business. Thus if we want more growth businesses perhaps the key area to concentrate on is encouragement of graduates and other with professional qualifications to enter into business in the career Stage 1 which would also be the company growth Cycle Stage 1 and thus "grow" their company during the "career formation" stage. A very simple example will suffice. An unemployed manager in his 50s who opens a shop selling ski clothing and sports wear is likely to be content with survival. A young graduate who enters into this business will be more likely to wish to extend the business either by acquiring more shops or extending into manufacture or into associated lines. It is the individual's creative energy that needs to be tapped by training programmes.

Research suggests that marketing continuing small business development Programmes is an uphill task Watkins (1983). Small business owners are also very demanding and easily disappointed with what they regard as a course too generalised for the needs of their particular business. On the other hand, tailoring courses very closely to particular kinds of small business owner can be difficult to justify in resource terms.
Yet the need of continuing small business education is easily demonstrated, particularly for the first couple or so years of the enterprise where business skills have not been fully developed and new, psychologically demanding situations are continually being met (Meyer and Goldstein, (1961); Watkins, (1983); Gill, (1985); Kiesner, (1985); Sotrines, (1985)). Moreover, despite the expansion of start-up courses for new small business owners, only a fraction of small business owners have received such training. Watkins (1983) in a survey of owner-managers in small- and medium-sized businesses in France, West Germany and the United Kingdom found that the highest proportion who had received any specialist management development in any of the countries was 25 per cent in France. Further, in West Germany and the United Kingdom, relatively few of the firms employed any professionally qualified staff which might help counteract owner-manager deficiencies although the position was significantly better in France.

To conclude this chapter the author will now examine specific approaches which are suitable to the development needs of the owner/manager.

3.9 APPROACHES TO MANAGEMENT DEVELOPMENT

Internal Training

This is probably the most common management development activity and encompasses all courses organised and conducted internally within the
organisation. The course facilitator may come from within the organisation or may be sourced externally, from a consultancy for example as would be the case in the small firm. However, the participants are normally from the same organisation.

This approach helps to expand and develop knowledge and skills within the organisation. It also serves to foster a corporate culture and can assist individuals in understanding company policies and objectives. One of the major advantages which this method offers is that the course can be designed to meet the specific requirements of the organisation. In addition, the training can address current and future issues which face the organisation. This can prove very suitable for the smaller firm as the various programmes can be devised to suit their particular problems and requirements.

However, one danger exists when an internal training package is introduced to the company, it needs to be adapted and tailored to the specific needs of the organisation if this is not so, then the exercise may be ineffective. They would generally prefer this "in house" training due to its ability to meet their specific requirements. This type of training and development is common in the small firm in the area of computers being installed or as is more common now the implementation of the ISO9000.
Training Provided by External Agencies

When training and development needs cannot be met with existing technical and human resources, it is common for organisations to send their managers on outside programmes. This allows managers to get a broader perspective of the organisation's external environment thus encouraging the introduction of new ideas and concepts which the manager may have been shielded from Gibb (1983). It is often the case that managers will be more open in this type of situation when it is removed from the workplace because they feel less inhibited. This means that a manager may be more inclined to experiment with different behaviours which will help to develop them personally, as well as professionally.

These types of courses are particularly useful when there is a need to learn something quickly and when there is no opportunity to learn through normal work experience. They provide a valuable opportunity for individuals to learn from others.

One of the major disadvantages of external programmes is that very often they are largely influenced by "flavour of the month" issues and only deal with whatever is fashionable at the time. They may therefore fail to address current organisational problems. The assessment of training and development needs should if it is to be effective, concentrate on the 'real' needs of management and the organisation and not on perceived needs which may be dictated by current trends. In this context, the utility of these programmes for
the owner/manager is very questionable. Another factor to be considered is the high cost of these programmes. The owner manager will evaluate the opportunity cost of the programme, generally against something which is more tangible and has an immediate return.

Also the owner/manager can find it difficult to be away from their firm for long periods of time. This can result in missing some of the sessions which makes the programme less effective. This can be measured not only in financial terms, i.e. course fees and travelling expenses, but also the opportunity cost of losing vital managers for long periods of time. Barry (1988) suggests that this cost has often proved so high that it has often prevented many managers from ever receiving any formal training. This is especially true in the small firm situation where the owner/manager is the focal point of the organisation. They do not perceive the benefits of the programme fitting in or answering the immediate requirements of their firm. Despite the problems associated with external programmes, they are still the most popular method of development undertaken by owner/managers. Ideally the external programme should be undertaken with some in-company training.

**Mentoring/Coaching**

A managerial mentor is a boss who takes a relatively long-term interest in the development of a subordinate - usually not one of their own direct subordinates. It implies involvement from time to time by allowing the subordinate to talk over problems encountered and
to learn from them. Research suggested that mentoring, with achievement motivations, is predictive of success for both fast-track and steady-track managers, Wilbur (1987). And there are a host of more prescriptive articles which essentially argue that "recycling" the experience of senior managers must be cost effective, Tack (1986).

Other reports suggest that older managers who are left out of corporate training schemes may be useful as mentors, Stapinker (1987). But this contradicts Clutterbuck's (1987) advice which is to use as mentors only currently active managers who have credibility and standing and are in their forties or fifties.

Traditional mentoring, in which a skilled/knowledgeable/experienced person helps another who is less skilled/knowledgeable/experienced, has many obvious advantages for the protege. Some of these are:

- creation of a carefully planned and organised development programme aimed specifically at the needs of the individual.
- the possibility of accelerated learning/work experience/promotion.
- recognition of individual effort and worth, providing satisfaction and/or motivation Clutterbuck (1986).
- priority introduction to existing organisational networks and power centres, including:
  - readily available assistance on job-related problems
  - organisational socialisation, by modelling the mentor's attitudes and values, Lawrie (1987).
  - allows a holistic though individualised approach to learning.
While these advantages have both long and short-term outcomes, the immediate advantages to the protege are both visible and powerful. As a consequence, mentoring is usually strongly supported and warmly regarded by proteges.

In contrast, the benefits of a mentoring programme to the mentor and to the organisation are often difficult to pin down, at least in the short term. The following benefits, derived from Clutterbuck (1986) and Lawrie (1987) are generally mid- to long-term outcomes, or are difficult to quantify. The mentoring programme:

- fosters the growth of the mentor
- fosters teamwork and shared values, improving communication
- gives satisfaction to the mentor
- produces recognition by peers for successful mentors
- increases the motivation of those involved in the mentoring process
- develops leadership skills
- fosters a stable organisational culture.

The IDA operate a mentoring programme to assist owner/managers. Mentors enter the firm on a consultancy basis and develop the managers in the contact of their specific problems. The company is entitled to 10 days of counselling per year in a broad range of topics, i.e. general management, finance, marketing, etc. They also help the manager put together a plan for the medium to short term. This has proved successful and allows the manager to learn in their own environment from an objective mentor.
Using Consultants

Consultants may be employed in a number of areas of management development activities. These may range from diagnosing training needs to programme design, delivery and evaluation. They provide a useful means of expanding existing resources for management development. Employing a consultant may bring new ideas and fresh approaches into the organisation. This may include the introduction of current practices which an organisation might not otherwise be exposed to. It may be argued that consultants are more objective in their approach because they take no account of organisational politics. Many of the barriers which the company training specialist may face will not restrict the consultant. This is as a result of the greater credibility that a consultant may command. It has been argued that this greater credibility allows them better access to top management, who are often inaccessible to training and development staff within the organisation. An alternative explanation is that top management will take a special interest in what the consultant offers for a fee which is frequently quite considerable. Internal trainers may benefit from the training they receive from consultants and this in turn gives them more credibility within the organisation.

On the other hand, consultants may not fully understand the organisational culture and this may create problems because they lack sensitivity to company training staff. In addition, it is not unreasonable to suggest that the level of commitment of an internal trainer is greater than that of a consultant. The level of
dedication and commitment to a training project will have obvious
effects on its success or failure. Furthermore, consultants often
try to foster dependency so that the organisation will generate more
business for them. As previously mentioned this is usually quite
expensive.

The growth in the training consultancy business reflects the
increasing popularity of this method of management development,
particularly in niche and specialised markets. A study conducted in
1987 on the use of management consultants by Personnel departments
found that twenty per cent of respondents used consultants for
However, the majority of these companies would fall in the medium to
large category. The main prohibiting factor for the owner/manager in
this instance is cost, and also the reluctance to have somebody
external come into their company and "tell" them what they should be
doing. Consultants may be used by the small firm in the area of
quality and specifically to implement standards such as ISO9000, as
the owner/manager or its employees would not have experience in this
area. Generally, consultants are brought into the small firm on a
reactive basis to solve some problems urgently, rather than providing
training and development.
On the Job Training Strategies

On-the-job training is a key way of progressing new recruits, developing apprentices or other long-term trainees, teaching employees new skills when new equipment and methods are introduced, and of updating and upgrading skills. Yet, according to Slomon (1989) on-the-job training is under recognised, under recorded and under-researched. One of the factors which has led to the persistent under-estimation according Sloman has been the lack of a clear definition.

In (1987) Deloitte, Haskins and Sells undertook a major survey of employers' training activities for the Training Commission. From their study it was found that training delivered on the job accounted for half the total training whether measured by volume of training or by costs. Another significant finding of the survey was the fact that fewer than one in three of the organisations contacted in the survey had a training plan and fewer had targets for training their labour force. Fewer than one in five establishments had reviewed the benefits of training against the costs incurred.

Overall the survey demonstrated that in the UK on-the-job training is a major method of imparting skills and every bit as important as off-the-job training.
Sloman recommends different approaches that may be involved in the successful design and delivery of on-the-job training. They are as follows:

1. Given on-the-job training the importance it deserves - many firms fail to recognise the extent of the prevalence of this method. Recognising who within the organisation delivers on-the-job training is a first step towards more effective delivery.

2. On-the-job training should be seen for what it is; a mere element of an organisation's total training provision. It should be viewed in the context of the overall business objectives and should be subjected to exactly the same discipline, examination and scrutiny as the more visible methods of training that show up in invoices.

3. Integrate on-the-job training with other methods - OJT works most effectively when it is supported by off the job training methods; it should not be seen in isolation. The efficiency of those responsible for delivering OJT can be considerably enhanced if they are given adequate support. Many organisations are taking advantage of improved technology to harness new methods of distance learning, particularly videos and computer based training.

4. Ensure you don't loose ownership of your programmes - this rule is offered primarily for organisations contemplating using
consultants to help design major new training initiatives. If
the organisation is of a significant size and the training is to
involve all employees it is important to consider ways in which
the commitment of the in-house trainers can be secured at the
outset.

5. Train the trainers - the final suggestion is the most obvious one
but often the most difficult to implement. The wide range of
people and situations involved make it impossible to generalise
on the methods that should be adopted.

This method is suitable for the owner/manager, especially when
completed in conjunction with external training and various methods
such as videos, etc. This combination of learning is ideal for the
owner/manager if organised on times which do not interfere too much
with their work schedule. This combination approach has been used
most successfully by organisations such as the Irish Management
Institute with its Business Development Programme; the IDA, with its
management development programme for the small firm, and finally by
the Marketing Centre - University of Limerick with its Eurobound
programme.

Action Learning

One of the most innovative developments in recent years has been
Action Learning developed by Revans. The basic idea behind the
Action learning approach is that of learning by doing. The approach is as follows; trainees are usually drawn from a number of different organisations. Each one is then temporarily transferred to another company and is given an organisational problem to tackle. All the trainees meet once a week and discuss their approaches and their problems. In this way they can learn not only from their own experiences but also from the experiences of others.

Action learning is an approach that differs from traditional management development in several respects. It's material is not only books but real dynamic organisational problems, which are less easily predicted or solved than classroom problems.

Action learning has a number of key elements.

1. People Learn by Doing - by trying things, by tackling fresh problems, by tackling old problems in new ways.

2. People Learn from Others - by interacting with others, by reflecting on their actions with others, by reviewing feedback from others, by being counselled by others.

3. People Learn about Themselves - by discovering their own strengths and weaknesses, their own fears and aspirations, by identifying their own values and beliefs.
4. People Learn How to Learn - by discovering new ways of approaching problems, by learning to think strategically, by developing conceptual frameworks, by learning how to reflect upon action, by developing confidence in their own ability, to relate to others and to apply skills to new situations, by learning how to work with power figures, by learning how change can be initiated in their particular organisation.

5. Three Sets of People are Necessary -

   a. The sponsor provides the spark and control.
   b. The implementors are the engine of change.
   c. The facilitator is the enabling lubricant to the process of change, Bodley (1981).

Action learning as a method of management training and development has the following advantages in relation to the small firm, Revans (1987).

1. It develops in trainees those specific social skills necessary for working in an organisation which is limited in resources.

2. It is characterised by real human situations which develop and form which trainees can learn by experience and systematic review.

3. Mature people learn best when they are directly involved in real problems to which answers are not known.
4. One's own experience, together with that of others, can be examined to help find solutions to major problems. These solutions can then be transferred to their own company environment.

5. Learning by doing is particularly effective when a problem is tackled in an unfamiliar situation.

Action Learning can be viewed as a viable option for the owner/manager as it facilitates learning by doing. It allows the manager to learn through practical application which is most preferred by the owner. However, time limitations of the owner/manager would pose problems in this area.

**Open Learning**

Open or Distance learning packages allow a manager to undertake a training program which they can tackle at their own pace with no restrictions on study time or attendance at classes. They can be used at home or in the work situation, and there are no explicit stated requirements. Packages are designed to 'stand alone' with no necessary tutorial support, deadlines or assessment.

A recent study of participants in the United Kingdom, Mann, (1988) found that individuals felt they had increased their knowledge and understanding of the topic studied and how it applied to their work.
Furthermore, participants expressed a sense of having "developed towards taking greater responsibility for themselves and for their learning".

The author of the study identifies several factors which affect the commitment of open learning programmes. These include the necessity of having a clear purpose for doing the course and the individual's suitability for it. Commitment would be diminished when individuals could not apply what they had learnt to their work. Furthermore, the individual's personal circumstances has a major impact on the amount of time dedicated to learning, and where regular time to work was broken by either an increase in workload or by breaks for holidays or other events, the effects were "detrimental".

Distance learning is becoming an important means of developing the owner/manager. Due to it flexible nature it facilitates the time, and travel limitations of the owner/manager. It allows them to learn in a relaxed basis, with the comfort of having trainers available to ask questions and solve problems.

The University of Limerick has developed a distance learning pack to facilitate learning by the owner/manager. The pack contains seven videos, which are case histories of companies who have developed from which the owner/manager can learn, how problems were overcome etc.
The pack also contains various texts and a work manual which forces the manager to answer certain questions and provides them with exercises which work towards the completion of a strategic plan for the company. The manager has at their disposal tutors who will answer any queries they may have. The pack can be used in isolation; or ideally as part of an overall programme.

Case Study Method

The case study method of teaching business administration was introduced at the Harvard Business School in 1910. Since then it has become the hallmark of the school and has dominated its style. It is now one of the most popular methods and is used in most undergraduate and postgraduate business degree courses.

The objective of using a case study method is to develop problem solving skills in participants. It also aims to give them the basic knowledge and experience required to analyse effectively most situations that individuals are likely to encounter in the real business world.

It is a participatory method and its success depends on the abilities of the facilitator who can guide and direct students to find the best solution to a given problem.
This method can be a useful tool to develop owner/managers. It allows them to learn from companies in similar situations, it develops their problem solving analytical skills, which can be realistically applied to their own situation. The case study approach is frequently used as part of an overall development programme.

These methods provide a sample of the suitable methods that can be used successfully by trainers to develop managers. Table 11.0 The Table categorises the various methods into 3 main areas as follows:

**Didactic Methods**, which are primarily used for introducing new information. They are used to achieve cognitive objectives. Methods include reading, lectures, etc.

**Skills Building Methods**, which are used to generate increased effectiveness in the behaviour of participants. Methods here include case study, group discussion, simulations, etc.

**Discovery of Inductive Methods**, encourages learning through discovery, experiential learning. Example of the methods include personal goal setting, self assessment instruments.
<table>
<thead>
<tr>
<th>METHODS</th>
<th>WHERE UNDERTAKEN</th>
<th>LEARNER INVOLVEMENT</th>
<th>LEARNING FOCUS</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIDACTIC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reading</td>
<td>in training</td>
<td>very low</td>
<td>achieve</td>
<td>useful for introducing information</td>
</tr>
<tr>
<td>Lecture</td>
<td>lecture organisation</td>
<td>involvement</td>
<td>cognitive based objectives</td>
<td>help participant recognise the importance of certain topics</td>
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<tr>
<td>Video-tapes</td>
<td>formal</td>
<td></td>
<td></td>
<td>participants learn through hearing and seeing, through multiple methods</td>
</tr>
<tr>
<td>Programmed learning</td>
<td>situations</td>
<td></td>
<td>knowledge emphasise deductive thinking</td>
<td>often perceived as dull and boring</td>
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<td></td>
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<td></td>
<td>perceived as too academic</td>
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<td></td>
<td></td>
<td>ineffective on its own to enforce learning</td>
</tr>
<tr>
<td><strong>SKILL BUILDING</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Discussion</td>
<td>part of</td>
<td>high</td>
<td>helps shape and improve behaviour towards externally established criteria</td>
<td>useful for achieving behavioural goals</td>
</tr>
<tr>
<td>Case study</td>
<td>a formal</td>
<td></td>
<td></td>
<td>improved performance of individuals</td>
</tr>
<tr>
<td>Role play</td>
<td>programme</td>
<td></td>
<td></td>
<td>help consolidate participants understanding of material previously presented didactically</td>
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<tr>
<td>Groups</td>
<td></td>
<td></td>
<td></td>
<td>develops skills in human interaction</td>
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<tr>
<td>Problem solving</td>
<td></td>
<td></td>
<td></td>
<td>allows for personal development, i.e. improved confidence presentation skills, communication skills</td>
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<tr>
<td>Simulations</td>
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<td></td>
<td></td>
<td>these methods can be too time consuming for managers to maintain involvement in</td>
</tr>
<tr>
<td><strong>DISCOVERY</strong></td>
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<tr>
<td>Unstructured</td>
<td>very high</td>
<td>experiential learning</td>
<td></td>
<td>encourages active involvement of participants in various interactions to discover what works best</td>
</tr>
<tr>
<td>Group discussion</td>
<td></td>
<td>learning through discovery</td>
<td></td>
<td>develops the analytical and decision making abilities of the manager</td>
</tr>
<tr>
<td>Personal goal</td>
<td></td>
<td></td>
<td></td>
<td>provides the manager with feedback on their performance in the specific context of their own company</td>
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<tr>
<td>Assessment</td>
<td></td>
<td></td>
<td></td>
<td>learn informally from each other</td>
</tr>
<tr>
<td>Instrument</td>
<td></td>
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</tbody>
</table>
3.10 **SUMMARY**

In conclusion, small business management development is tied to the needs and desires of the particular owner-manager. The small business is the psychological extension of the individual owner-manager. In creating a management development model for small business, a great deal of consideration will be given to the organisational stage or life cycle of the owner-managers.

There is evidence to suggest that small business management education has need of development beyond its present rather traditional 'training' orientation. On the basis of the data presented above, it can be argued that, even amongst the smallest of small firms, a more developmental approach would be both applicable and worthwhile. At the same time, however, it is recognised that such a developmental approach is unlikely to be appropriate initially to all small business managers (particularly those lacking in any previous management skills or whose businesses are intentionally underdeveloped) Pedlar et al (1987). In this respect 'formal' training approaches will remain a necessity for providing basic help to the inexperienced or advice for those concerned with stability rather than development. In this case, the success of both forms of training is going to depend upon careful targeting by providers. Restricting our attention to
developmental training is likely to mean a more systematic approach, perhaps based upon some forms of appraisal linked to a measure of business orientation and managerial ability/experience Pedlar et al (1987).

The move towards such a developmental approach to small business management, however, is not without problems. Since, by definition, small business managers do not have the support of an employing organisation as the basis for their development, there will clearly be an increased role for professional management educators. In this respect it is encouraging to see small business management appearing in a growing number of Business Studies courses and the increased interest of commercial state bodies such as the IMI, SFADCo, etc. Such incorporation can only help to remove the stigma which treats small business as the 'poor relation' of 'real' management.

Nevertheless, for business schools in particular, a genuinely developmental approach will entail not only imagination and innovation but also the development of a teaching and delivery approach which goes beyond much of the traditional didactic training practices and towards greater learner - and problem - centredness. Whilst this may involve some risks, it also creates the potential for many exciting new developments capable of widening the horizons of both educators and clients.
CHAPTER FOUR

LITERATURE SYNTHESIS AND MODEL DEVELOPMENT
4.0 INTRODUCTION

There has been considerable interest in the development of small business and entrepreneurship studies, in the academic field in the past number of years. This topic is also the main thrust of this research document. This research is primarily exploratory in nature, specifically examining the role management development plays, if any in the smaller firm. To examine this objective fully, the author examined the background to the small business manager, their experience, reasons for starting in business etc. An evaluation of the literature available provided an improved understanding and insight into the topic. This section provides a synthesis of this literature. It provides a summary of the pertinent points from the various chapters. This will provide a clearer introduction and guidance to the empirical studies decided upon. Analyses of the literature review has allowed the author to develop a model which can then be tested empirically by using the case study approach.

The following pages provide a summary of the literature reviewed.

4.1 SUMMARY OF KEY ISSUES

Chapter one introduced the research by providing a profile of the entrepreneur. This was achieved by evaluating a number of schools of thought in this area.
The psychological and great person schools are helpful in the assessment of an entrepreneur's values, risk-taking ability, and the need for achievement, which are used as a basis for identifying successful entrepreneurs. The classical school approaches the subject from a different viewpoint and emphasises the process of creating an opportunity, and how managers develop this opportunity into a viable business concern.

The management and leadership schools are very important and relevant to this body of study as they provide an understanding of the range of technical and interpersonal skills necessary to manage a business from the entrepreneurial phase of management to the professional management role as the business grows and develops. These schools also highlight the importance of resource management, especially people management.

The author then compared these schools to the more contemporary "Austrian School" which has gained increased acclaim. This school emphasises the importance of having available the correct infrastructure which allows and facilitates individuals when searching for opportunities and their development. The behaviour of Government, state, and the regulatory bodies are critical in supporting or obstructing small business development.

To develop on this area and to understand better reasons why individuals start in business, various push and pull factors were
evaluated. Push factors such as deterioration of existing jobs, identification of opportunity, were considered for their impact. Pull factors such as the influences of family, friends were evaluated. The impact of role models and their increasing importance as an influencing factor were discussed. The section was then tied together by examining the final milestones or decisions faced by the individual when finally deciding to set up in business.

This section was concluded by providing a definition of the small firm which will be used as the basis for the study. The research will include any firm with a maximum of 50 employees.

Chapter Two expanded on the topic of small firm growth by firstly examining a number of models devised to provide an understanding of the various stages of development in the small firm and the problems associated with each.

The life cycle notion has been invoked at various points in time by (Steinmetz (1969), Mueller (1972), James (1973)). It can be reviewed as important as it represents the exogenous determinant of the potential size of the enterprise. The market demand and industry characteristics of the product life cycle approach determine scope for understanding small business growth. This life cycle approach evaluates the small firm from a change in the role of the owner/founder to the emergence of some formal management structure where the owner begins to delegate their operating role and then some
of the management roles, (Greiner (1973), Churchill and Lewis (1983)). These structure adaptations are necessary for the continued growth and success of the firm.

Cliffords (1991) model provides the most comprehensive understanding of the development of the firm and also highlights the behaviour and development of the owner/manager. The model highlights the importance of understanding the interrelationships that exist in the business, especially between size, structure and self.

For any management development programme organiser there needs to be an understanding and congruence between the three variables size, structure and self.

For example in the over large small business with the owner operator structure and owner stressed artisan something must change, but just matching style with structure is not sufficient if the artisan identity persists.

Another example would be where the manager identity creates a structure of owner director which is premature for the size of the business.

Successful growth and development of any small firm is contingent upon the successful interaction of these 3 variables and their ability to adopt to each other.
Having obtained valuable insights into the growth of the small firm, the author then set about analysing the management characteristics of the owner/manager in the context of the small firm. Sutton (1984) suggested some of the following as prominent characteristics of the small firm and the owner/manager. Gibb and Stanworth (1988) also highlights these characteristics.

- The firm is dominated by the role of one person
- There is a lack of general management expertise which is critical in the early stages of development
- The small firm is volatile and has a very low inertia, and is vulnerable to external factors
- Events occur quickly and without warning, resulting in reactive management practices
- The owner/manager does not delegate and rigidly maintains the locus of control at their own level
- The owner/manager is often short of information and does not know where to find this information or have the resources to access it regularly
- The small firm is minimally organised, with often informal structures and direct reporting procedures to the owner/manager
- Decision making abilities of the manager are often poor, making decisions only on a reactive basis, and not planning for the future
The owner/manager often has the expectation of quick results from an investment either in time or money. When this does not materialise it greatly distorts the plans of the firm. There are generally no contingency plans undertaken in the small firm.

The above list provides a sample of the characteristics of the owner/manager and it is not an exhaustive list. The Bolton Report (1977) summarises these characteristics, into what they described as potential "gaps" in the owner and its firm. The "gaps" are - information gap, problem solving and technical gap, the learning gap and finally the resource gap.

Finally, this chapter dealt with the general topic of how management is practised in the small firm.

As a business expands, formerly successful management practices tend gradually to become obsolete. Furthermore many studies have indicated that precisely those qualities of the entrepreneur which are most needed during start-up tend to have a detrimental impact upon the business during its growth phase Orlan (1987). Therefore it is essential for the entrepreneur to recognise at an early stage that sometimes radical changes in the manner in which the business operates will be required if the venture is to survive in the long term. Such admission tacitly accepts the need to change from entrepreneurial to professional management Charan and Harper (1980).
Specifically those characteristics of entrepreneurial firms that require modification before such a transition can be accomplished have been identified in the literature, as follows: -

(a) the highly centralised nature of the decision-making system;
(b) the overdependence on one or two key individuals for the firm's survival and growth;
(c) the inadequate repertory of managerial skills and training;
(d) the paternalistic atmosphere.

This adjustment in goals, of course, does not mean that such start-up goals as creativity and innovation should be abandoned. But rather, additional goals must be adopted, for example, frequently it is necessary for a business to expand from a single product into a product line. This may well entail the firm attempting to balance sometimes incompatible goals. Two possible techniques a firm could employ when encountering goals that pull in different directions are 'satisficing' and 'sequential attention' Charan (1981). Satisficing means accepting satisfactory, rather than optimal levels of performance across several goals. Sequential attention means devoting attention to various goals in sequence, devoting a limited amount of time to each.

To achieve efficiency, adjustments are usually necessary in a firm's key people and design traits. A helpful strategy in these situations is for the manager to put together a management team and delegate authority to team members. For most managers, adoption of such a
strategy, requires a very major personal adjustment on their part. However, they should note that if such changes are not initiated, sustainable growth for the business will become increasingly problematic, if not downright impossible.

If we want small firms to make the uttermost contribution to the economy it is incumbent on policy makers, trainers and business advisers to distinguish between firms who are basically viable as opposed to those who are not and to attempt to reduce the failure rates of the former Gill (1988). To achieve these objectives it is important to recognise why small firms fail. It is claimed, sometimes, that small firms fail as a direct result of mismanagement or gross mismanagement. However, we need to be able to disclose the source of mismanagement if we are to increase managerial effectiveness in small ventures. For example, owners of small firms may be incompetent because they lack the confidence, time and other resources to manage, they may be negligent, or, as mentioned above, they may have simply misjudged the market.

This is only one of the contributing factors to company failure. Before analysing the many reasons for failure it is important that a clear and consistent definition of failure is determined to provide a more stable and consistent yardstick for measuring and evaluating the performance of companies. Researchers can then examine the specific causes of failure, (both internal and external causes). These factors provide a basis to programme providers for training and development programmes. Gill (1988) expands on this point by stating
that developing manager skills "per se" is inefficient. These skills must be developed in the specific context of the managers job, their confidence, ability to learn etc.

Chapter 3 concentrated specifically on the role and participation of owner/managers in management development programmes. There exists a scarcity of specific literature on management development and the small firm, much of the literature is general in nature, prescriptive and lacks the empirical base related to the small business. The research and literature on this area is "fragmented and unrelated" Sexton (1987). This is especially true in the Irish context, where practically no information exists on this topic. An important factor to take into consideration when discussing this topic is the "bounded entrepreneurial expertise" of the small firm McGuire (1976). This relates to the limited knowledge of the owner/manager of both the operations of the firm and the external environment they operate in. McGuire (1976) continued to state that owner/managers can enlarge on this limitation in three ways i.e. informal or formal educational processes; through the use of external advisors/consultants, through the addition of "experts" to the firm. Land (1975) supported McGuire's views by highlighting three methods of overcoming owner/managers deficiencies, namely experience, education and management assistance. The remainder of the chapter examined the role of education and development in the small firm.

Gray (1990)) all highlight the indifferent and often negative attitudes of the owner/manager to management development. It is not considered a core activity of the organisation, it is often viewed as a "necessary evil" Hankinson (1991). The primary reasons cited in the literature for low participation in development programmes can be viewed as follows:

- Owner/managers consider external factors as the major cause of business problems, with little emphasis placed on factors under the control of the manager. (Curran and Stanworth (1989), Walkins 1983).
- Managers do not realise their strengths and limitations, and are unable to do so, Hankinson (1991).
- Managers are generally inward looking and work within limited time horizons, Walkins (1983).
- Fear of admitting that they are unable to manage and control their business (Curran and Stanworth (1989), Gibb (1988)).
- The cost of these programmes is also a prohibitive factor, Gibb (1988).
- Inability to afford to spend time away from their businesses, Curran and Stanworth (1989).
- Shortage of time to implement what has been learned poses problems for owner/managers, Curran and Stanworth (1989).
The absence of skilled training staff to identify development needs, resulting in lack of clarity of what exactly the manager needs to learn is also a problem. A suspicion of structured educational and training institutions, which is often developed from ignorance as to what these institutions provide results in low participation. Related to this is their familiarity with learning by doing rather than learning in a classroom situation. These provide a sample of the problems that have to be overcome by programme providers when designing development programmes.

In conclusion, small business management development is tied to the needs and desires of the particular owner-manager. The small business is the psychological extension of the individual owner-manager. In creating a management development model for small business, a great deal of consideration will be given to the organisational stage or life cycle and the owner-managers.

There is evidence to suggest that small business management education has need of development beyond its present rather traditional 'training' orientation. On the basis of the data presented above, it can be argued that, even amongst the smallest of small firms, a more developmental approach would be both applicable and worthwhile Pedlar (1987). At the same time, however, it is recognised that such a developmental approach is unlikely to be appropriate initially to all small business managers, (particularly those lacking in any previous management skills or whose businesses are intentionally
underdeveloped). In this respect 'formal' training approaches will remain a necessity for providing basic help to the inexperienced or advice for those concerned with stability rather than development. In this case, the success of both forms of development is going to depend upon careful targeting by providers. Restricting our attention to developmental training is likely to mean a more systematic approach, perhaps based upon some form of appraisal linked to a measure of business orientation and managerial ability/experience.

The final section researched the supply side of the coin and evaluated the various approaches used for management development, specifically suited to the owner/manager. The key issues which emerged were as follows:

- A combination of internal on the job plus external training is most suitable for the owner/manager.

- Mentoring and coaching were viewed as very relevant as they provide the owner/manager with a consultant who will provide them with advice and knowledge in company.

- Owner/managers prefer a practical approach to learning and mentioned methods such as project groups, case studies, seminars and action learning as relevant.

This recap on the literature evaluated and provides a basis for model design for management development in the small firm.
### Antecedent Factors

#### Entrepreneurial Characteristics
- Age of entrepreneur
- Personality characteristics
- Motivation for starting in business
- Skills base of entrepreneur
- Previous development undertaken
- Learning style

#### Company Characteristics
- Stage of development of the firm
- No. of employees
- Management structure
- Type of production process

#### External Factors
- Level of competition
- Advances in technology/quality
- Demands from suppliers
- EC Influences

### Management Development Intervention

#### Skills/Knowledge required:
1. Managerial
2. Administrative
3. Interpersonal
4. Technical

#### Sources of Management Development:
- Internal
- External

#### Methods and Delivery of Management Development:
- Formal
- Coaching
- Counselling
- Open Learning
- Seminars/workshops
- Problem Solving Sessions

#### Cost and Time Investment:
- Cost commitment of management
- Time available to attend programme

### Outcomes/Benefits

#### Outcomes/Benefits
- Personal development
- Increased confidence
- Improved decision-making
- Effective management of change
- Ability to coordinate the various functions of the business
- Ability to evaluate the environmental factors
- Ability to be innovative
- Development of interpersonal skills
- Ability to be proactive as opposed to reactive
- Increased knowledge and application of marketing/sales skills
- Production procedures/quality
- Financial resources
- Management of time
- Market demands
4.2 A PROCESS MODEL OF MANAGEMENT DEVELOPMENT

The literature reviewed a number of key areas. It is now possible to categorise the literature into five key areas, which integrated will form the basis of a process model for management development for the small firm manager. The model is outlined in Figure 8.0. Each of the components of the model will be briefly described as follows.

ENTREPRENEURIAL CHARACTERISTICS

Analysis and understanding of the owner/manager is critical. Every owner/manager is different and have varying requirements and attitudes to management development. If programme providers can understand these variations, then it facilitates an improved programme design, which should be easier to promote to the manager.

Initially, it is important to understand the basic characteristics of the manager and more importantly what was their motivation to start in business. Depending on whether individuals were "pushed" or "pulled" into business, they may have different objectives for the business. Considering that objectives will vary with the dependance of a manager on the business plus their level of commitment, managers will have different attitudes to participating in management development programmes. For example, if an individual is managing a business, with the primary objective of selling this business, as opposed to maintaining it personally for the long term with a view to succession, the former will probably be less interested in management development programmes per se, than the latter.
Other factors which will affect the attitude and level of participation in management development programmes is the educational background of the manager. Literature reviewed has highlighted that managers with previous formal third level qualifications, were more willing and searched for development programmes proactively. This is also true of managers who would have undertaken part-time programmes. A lower participation rate exists with individuals who do not have previous qualifications. This may be due to the lack of confidence to undertake programmes or the lack of knowledge as where to source programmes or the best type of programme.

The management style practiced by the owner/manager will have an impact on their participation in management development programmes. If the manager behaves in an autocratic manner, with little delegation, they are less likely to admit they require assistance and will be reluctant to attend programmes. The opposite is true with the more benevolent/democratic style of manager.

The learning preference of the owner/manager will affect their decision to attend specific programmes. Owner/managers have a preference for practical on-the-job learning, rather than theoretically based teaching. These preferences will have an impact on programme design and content.

It is important to understand the factors that both encourage and militate for and against participation in management development programmes. The overall owner/manager market can be segmented into
those that are proactive and those who are reactive. Proactive managers become involved easily in management development programmes because they view them as important for the development of themselves and the firm. Reactive managers are forced into programmes either by advisors, banks or as a reaction to a major crisis in the firm. The main problems put forward as reasons for non-participation include, costs; insufficient time; non-suitability of the programmes, and inability to define their management needs.

An understanding of the behaviour and attitude of the owner/manager is critical as it allows for an improved understanding of their specific requirements and problems. This facilitates an improved and relevant programme design. It also allows you to segment and target your market more specifically, obtaining better value for expenditure on promotions, etc.

**COMPANY CHARACTERISTICS**

Programme designers must evaluate the characteristics of the small firm, as firms at different stages of development of the life cycle will have different management requirements, i.e. a firm at Stage I will require a more introductory programme as opposed to a firm in Stage 3, which will require ideas on market, product development. It is also important to evaluate the management structure of the firm to determine how control and responsibility is delegated throughout the firm. This will have an impact on the overall level of efficiency and structure of decision making in the firm. It is also important
to examine the resources of the firm, i.e. what financial, technical and human expertise is available in the firm. This will relate to efficiency and also highlight whether the company is progressive or not. If they are progressive they will be more acceptable to management development programmes. It is also interesting to determine the level and type of external assistance received or sought by the firm previously. Finally, it is important to determine the technology base of the firm. Generally, high technology based firms are positive about management development as they understand the need to remain up to date and competitive.

Analysis of these areas provide a profile of the firm and indicates its requirements in terms of development and in what specific areas.

**EXTERNAL FACTORS**

The environmental factors must be considered as their impact upon the company can be great either in a positive or negative light. These factors will affect the attitude and level of participation on management development programmes. Presently, one important factor to consider is the emergence of 1992 and its specific impact on the small firm. This factor has encouraged managers to undertake management programmes which will assist them to become more competitive in the context of the changes that 1992 can bring. Other important external factors which can "force" the manager to undertake development programmes include; the severity of competition, market
demands and changes, change in technology and quality, which is resulting in firms acquiring the ISO9000. Environmental scanning is a critical function of the owner/manager, as it allows them to predict change, the level of change and develop a strategy to deal with this change.

**MANAGEMENT DEVELOPMENT STRATEGY**

It is possible to understand the management development intervention under five headings.

1. **CONTENT/SKILLS REQUIRED**

This stage involves setting specific and relevant programme objectives, which are communicated and explained to the owner/manager. The content will vary depending on the elements initially outlined in the model. For example, the content of the programme will be different if undertaken by managers at the start up stage (i.e. introductory management programme) as opposed to undertaking the programme if in business 2 years. The manager will at this stage, have learned through experience, trial and error and will therefore require a more advanced management development programme. The content will also vary depending on whether the programme will be administered internally, externally or by a combination of these methods. If the programme is organised internally, then it will be more practical, hands on and delivery of the programme.
However, taking the above factors into consideration the following are suggested broad topics that could be considered for the programme content.

Managerial Skills  Developing an understanding of the functions of management and how to undertake these functions.

Administrative  Developing the organising, analythical skills of the manager.

Technical  Improving technical skills, the importance of technology and quality in the firm.

Interpersonal  Developing the interpersonal skills of the manager, i.e. people management, communications, delegation, etc.

2. DESIGN/SOURCE OF MANAGEMENT DEVELOPMENT

An integrative approach needs to be adopted to facilitate full learning. While it has been mentioned previously the importance for maintaining a practical approach it is equally important to ensure programme participants understand the broad concepts of business which will guide thinking and decision making.
Programme providers having undertaken an analysis of the participants on the programme will realise the importance of pitching the tone of the programme. This will involve decisions on whether the programme should be organised internally, on the job, or externally, or in a combination of methods.

3. STRUCTURE/METHODS OF MANAGEMENT DEVELOPMENT

A flexible approach has proved successful as evidenced by results of studies and existing programmes. It must firstly be decided how the programme should be administered. Internally in the organisation, where counselling is provided to the manager, e.g. the mentor programme operated by the IDA. The other option is external programmes where the manager attends a structured programme in a host company. Alternatively, a combination can be used, which is practised by the IMI, where the manager attends structured programme externally and receives in-company counselling. The programme should be structured on an open learning, flexible approach which will facilitate the time constraints of the owner/manager and their learning requirements. The various modules should be delivered over a series of evening sessions plus residential weekends. This will be accompanied by some in-company counselling with the owner/manager. Both the IMI and the Marketing Centre for Small Business have found this design successful.

The residential weekend element is important as it facilitates the time constraints of the manager. It also provides a forum for
workshops where managers can work on their business plans assisted by tutors. Managers should, at this stage be encouraged to present their plans to the other participants. This allows the other individuals to learn from similar situations. It also develops the personal aspect of the participant by developing confidence and presentation skills.

Other factors to consider in course design is whether the programme should be organised solely by internal or external development or using a combination. Both the literature and the empirical studies would suggest that a combination of the two provides the most effective means of learning by the owner/manager. Whatever means used it must be very practical in nature to allow for more successful learning.

FACILITATOR STYLE

The facilitators are core elements of programme delivery. It is imperative that the instructor understands and has empathy with the various owner/managers. It is also important that a trusting relationship exists between both parties, this will encourage the owner/manager to be more participative in the programme resulting in improved learning.

Managers must realise the importance of learning from both in-company and externally, and then have the ability to translate this learning long term into improved performance of both the manager and the company.
Training needs analysis is very important for this step as it allows the instructor to know the owner and the culture of its company, and the managers particular stage of development.

Finally, it is essential for the manager to understand the benefits obtained from participating in these programmes. As with any type of programme, the benefits will vary by participant, their initial attitudes to the programme, their level of interest, their commitment and follow-up, undertaken.

4. COST AND TIME INVESTMENT

As previously indicated, time and cost are the main barriers to participation by owner/managers in developing programme. Therefore, it is important that these limitations are considered by programme providers. Time problems can be lessened by structuring the programme on a flexible learning basis, the cost element should consider methods of subsidy for the owner/manager.

5. OUTCOMES/BENEFITS

In a general context, the owner/manager benefits both personally and professionally. Personal benefits include improved confidence, improved negotiating abilities, being more alert, and improved interpersonal skills. The programmes should provide them with the skills to undertake their figurehead role in their firm.
A sample of the professional benefits can be listed as follows:

- improvement of knowledge of general management skills required to manage a firm
- improved decision making abilities
- ability to plan, and how to implement these plans
- increased knowledge of the various functions of the business e.g. marketing, finance, production, quality etc. and the ability to integrate these functions

The outcomes of the programmes should not only be viewed for the short term, but valued for the learning obtained which can be applied long term in the firm.

This model will provide a useful basis for understanding the owner/manager and for programme design. This model will now be tested on a number of case studies to determine its relevance and validity.
"ALL ORGANISATIONS ARE BOUND BY PAST TRADITION AND CURRENT CONTEXTS. THE DETAILED ACCOUNT OF THE SINGLE ORGANISATION HIGHLIGHTS CRITICAL ISSUES THAT OTHER ORGANISATIONS FACING SIMILAR DECISIONS NEED TO CONFRONT - AND PERHAPS THEN DEAL WITH IN DIFFERENT WAYS."

(Buchanan & McCalman, 1989)
Development of theory is a central activity in organisational research. Traditionally, authors have developed theory by combining observations from previous literature, common sense, and experience. However, the tie to actual data has often been tenuous (Perrow, 1986; Pfeffer, 1982). Yet, as Glaser and Strauss (1967) argue, it is the intimate connection with empirical reality that permits the development of a testable, relevant, and valid theory. The remainder of this chapter will discuss how best to obtain this "valid theory" in the specific context of the small firm and its management development practices. The researcher in deciding to undertake analysis of a particular research topic is faced with the difficult question of which method(s) should be used to provide the most valid and reliable information.

Methodological choices or strategies are determined not only by the nature of the topic investigated and the resources available, but also the extent of control the researcher has over actual behavioural events, and the required outcome. Due to the number of approaches that could be suitable, the author set about analysing the various approaches and their specific relevance to the topic under review.

The following table provides a summary of the broad approaches which can be used by researchers.
The author will now summarise this table with a view to eliminating the most suitable choice of research approach for the study.

Research may be classified according to the broad approach taken to the problem. Such classifications are often placed on a continuum of increasing rigor from laboratory experiments to field research using ethnographic methods based on single cases. In the former approach there is a relative emphasis on deduction firmly based on what is known as positivism. Positivism assumes that there is an objective reality that can be discovered and explained by laws, theories, etc. Halfpenny, (1982). This approach leans towards a preference for quantitative data collection methods, i.e. surveys, questionnaires. It emphasises the identification of
casual relationships, where various aspects of organisational behaviour can be described and linked to particular causes. Once these causal relationships are known, it is believed that predictions can be made about the specific situation. Positivism assumes that for every action there is a corresponding cause. This approach takes its logic from the model of physical science and applies this logic to the social world.

Ethnographic methods, on the other hand, are within an inductive tradition which accuses those working deductively of imposing an external logic upon phenomena that have their own internal logics. Ethnographic places an emphasis on the analysis of subjective accounts, which are generated by "getting inside" the organisation, and getting involved with the organisation. This is a leaning towards the "naturalism" approach. This approach is almost deliberately "non scientific" Guba (1985). The naturalistic researcher assumes that objective knowledge is not available and emphasises the subjective experience of individuals. Diesing (1972) believes the naturalist approach

"includes the belief that human systems tend to develop a characteristic wholeness. They are not simply a loose collection of variables; they have a unity that manifests itself in nearly every part."

This indicates that everything is interwoven, and does not specifically concentrate on cause and effect relationships. The prime objective of this research is to provide a contextually bound picture of what is going on, in the area of management development and the small firm and to illustrate as much as possible how the organisation has constructed itself.
Lincoln, (1985) suggests that:

"the task of the researcher involves at minimum an idea switch that moves us from asking 'are you doing what you're supposed to be doing?' to "what are you doing?"

The naturalistic approach uses mainly qualitative research methods such as participant observation, in-depth open-ended interviewing, and minimum structure. These techniques allow the researcher to gather what Gertz (1975) referred to as "thick descriptions" of the way people create and sustain experiences. Hammersley and Atkinson (1983) indicate:

"A first requirement of the naturalist research .... is fidelity to the phenomenon under study, not to any particular set of methodological principles .... In this way we can come to interpret the world in the same way as the people being studied."

Naturalist researchers are inclined to conceptualise research as being with rather than on people. To achieve this indepth successfully the researcher needs to be authentic, adaptable and flexible to the situation and in their interpretation of information received.

There is a further category of approaches, known as action research, which as with quasi-experiments, borrows the logic of experimentalisation, but applies it to natural settings outside the laboratory.
Action research may or may not involve control groups. It claims to have a dual purpose of solving idiosyncratic problems for charts and simultaneously adding to the stock of general knowledge about change processes.

Each of these methods have their strengths and limitations, it is important to remember there is no one wrong or right method to use in research. What is important is to ensure the research method chosen is relevant and suitable to obtain a level of reliability and validity of research outcomes.

An evaluation of the above approaches would lend the author to lean towards the case study approach. The author will now justify its choice by discussing the case study method in the context of the small firm.

5.1 UNDERSTANDING THE CASE STUDY APPROACH

Yin (1981) defined the case study as follows:

"A case study is an empirical inquiry that
- investigates a contemporary phenomenon within a real-life context;
  when
- the boundaries between phenomenon and context are not clearly evident; and in which
- multiple sources of evidence are used (Yin, 1981)."
Schramm (1971) indicated that the essence of a case study, its central tendency is that it illuminates a decision or set of decisions; why they were taken, how they were implemented, and with what result.

This definition cites the topic of "decisions" and their justification as the major focus of case studies.

Eisenhardt (1984) encouraged the use of the case study method as a research strategy as it "focuses on understanding the dynamics present with single settings". This provides in-depth and sufficient knowledge to develop hypotheses and/or for model building.

Currently the small business literature base displays a bewildering assortment of methods, often with little coherence across topic areas. It would appear that the pragmatic approach has dominated in the development of small business theory and understanding.

Existing empirical studies into small businesses have primarily focused on broad issues such as the contribution of the small firm to the economy, demographic features of the firm, factors relating to success, failure of the firm. However existing studies identifying macro influences can only be suggestive of possible casual factors. Additionally these empirical studies have applied a standard set of variables taken from other organisational and environmental settings and often applied without consideration of their suitability to small business. These
studies lack the understanding necessary of the internal mechanisms of small business which reflect their behaviour. Stanworth and Curran (1976) commented

"to comprehend fully the detailed issues of small firms and their managers, consideration must be given to the social dynamics, and more importantly, the character of the owner/manager in researching small business".

The case study approach will allow potential insights into how small business managers behave and why they behave in that particular way.

The adaption of the case study approach in researching the small business, provides an opportunity to conduct exploratory research into how businesses are managed, it allows the researcher to answer how and why questions, which provide valuable insights into the behaviour of the firm.

Unfortunately, small business literature, does not highlight many examples of this research approach, but use the more traditional survey/questionnaire method.

The development of small business research strategies must take an open-ended approach, as each individual small business varies in areas such as organisational structure, management control etc. Romano (1989). This leans towards the case study approach to undertake research.

The development of a research strategy will be influenced by research questions and objects to be studied. Accordingly, the determination of what is meaningful in the context of a case study will require the
researcher to identify the crucial questions before the case study takes place. Rickwood et al (1987) have stated:

"The adaption of a case study approach provides opportunities for overcoming the restrictions of response imposed by the questionnaire in investigating the heterogeneity of procedures and their relationship with the context in which they are adopted."

The research process offers the researcher a choice of whether to adapt a single site or multisite case analysis as a research strategy. Nachmias and Nachmias (1976) discredit single site case studies because they provide little scope for testing of causal relations. According to Selltiz et al (1959) the single site case study is useful in providing "stimulating insight" in developing hypothesis for neglected areas of research. Miles (1979) complains there are few guidelines for conducting multisite analysis.

However, if a researcher adopts a multisite case study analysis it gives further insight into which structure a small business theory or sub theory may be applicable. Miles and Huberman (1985) have observed that:

"By comparing sites or cases one can establish the range of generality of a finding or explanation and at the same time pin down the conditions under which that finding will occur ... There is much potential for both greater explanatory power and greater generalisability than a single case study can deliver."
To develop an understanding of the small business, sufficient numbers of case studies should be consulted such that consistency can be obtained across life cycles, organisational and managerial processes. The multisite case study approach provides a benefit as it allows the researcher to investigate in depth those variables which are important in the function of a small business. For instance, consideration can be given to the relationship between the owner/manager and the environment and the interaction between the owner/manager and management processes, and its impact on the success or otherwise of the business. It would be difficult to seek this information by a restricted questionnaire or individual survey method.

Another strength of the case study approach for small firm research includes the likelihood of generating novel theory. Creative insight often arises from the juxtaposition of contradictory or paradoxical evidence. Cameron & Quinn (1988) argued, the process of reconciling these contradictions forces individuals to reaffirm perceptions into a new gestalt. Building theory from case studies centers directly on this kind of juxtaposition. That is, it attempts to reconcile evidence across cases, types of data, and between cases, therefore increasing the likelihood of creative reframing into a new theoretical vision. A myth surrounding theory building from case studies is that the process is limited by investigators' preconceptions, is somewhat untrue. This constant juxtaposition of conflicting realities "unfreezes" thinking, thus
allowing the process the potential to generate theory with less researcher bias than theory built from incremental studies or armchair, axiomatic deduction.

Another strength is that the emergent theory is testable with constructs that can be readily measured and hypotheses that can be proven false or true. Measurable constructs are likely because they have already been measured during the theory-building process. The resulting hypotheses are likely to be verifiable for the same reason. That is, they have already undergone repeated verification during the theory-building process. In contrast, theory which is generated apart from direct evidence may have testability problems.

Eisenhardt (1989) argues that the process of reconciling differences across cases or among different investigators increases the likelihood of generating new theory. Bakstone and Borastow (1977) also substantiated this advantage of the case study method.

A final strength is that the resultant theory is empirically valid. The likelihood of valid theory is high because the theory-building process is so intimately tied with evidence, it is very likely that the resultant theory will be consistent with empirical observation. In well executed theory-building research, investigators answer to the data from the beginning of the research. This closeness can lead to an intimate sense of things - "how they feel, smell, seem." Mintzberg (1979). This intimate
interaction with actual evidence often produces theory which closely mirrors reality.

The above strengths verify the rationale for using the case study approach for the topic of research under review. However, the author must also be aware of the limitations that exist with the case study approach. By understanding these weaknesses the author will be better able to implement a more structured case approach.

5.3 **WEAKNESSES OF THEORY BUILDING FROM CASES**

Some characteristics that lead to strengths in theory building from case studies also lead to weaknesses. For example, the intensive use of empirical evidence can yield theory which is overly complex. A hallmark of good theory is parsimony but given the typically staggering volume of rich data, there is a temptation to build theory which tries to capture everything. The result can be theory which is very rich in detail, but lacks the simplicity of overall perspective. Theorists working from case data can lose their sense of proportion as they confront vivid, voluminous data. Since they lack quantitative gauges such as regression results or observations across multiple studies, they may be unable to assess which are the most important relationships and which are simply idiosyncratic to a particular case. Both Mitzberg (1973), and Batstone Boraston and Frenkel (1977) mention the large amount of information that is generated in the course of brief periods of ethnographic fieldwork. This leads to the
researcher being unable to differentiate the significant data variables from those particular to a specific case.

A second weakness highlighted is that building theory from cases can result in narrow and idiosyncratic theory. Case study theory building is a bottom up approach in that the specifics of data produce the generalizations of theory. The risks are that the theory describes a very idiosyncratic phenomenon or that the theorist is unable to raise the level of generality of theory. For example, Gersick (1988) developed a model of group development for teams with project deadlines, Eisenhardt and Bourgeois (1988) developed a mid-range theory of politics in high velocity environments, and Burgelman (1983) proposed a model of new product ventures in large corporations. Such theories are testable, novel, and empirically valid, but they do lack the sweep of theories like resource dependence, population ecology, and transaction cost. They are essentially theories about specific phenomena. To their credit, many of these theorists tie into broader theoretical issues such as adaptation, punctuated equilibrium, and bounded rationality, but ultimately they are not theories about organisations in any grand sense. Perhaps "grand" theory requires multiple studies - an accumulation of both theory-building and theory-testing empirical studies.

The generalization problem discussed above, may be overcome by replicating and testing the single case under certain conditions which will provide a certain degree of confidence Hersen and Barrow (1976).
5.4 EVALUATION OF THE CASE STUDY APPROACH

Before detailing the steps involved in undertaking the case study method, the author will evaluate their relevance and usefulness. Regardless of the research methods employed, it is critical to determine their reliability and validity. Gill and Johnson (1991) highlight criteria that should be used to screen the suitability of the case study approach.

**Internal Validity**

This refers to evaluating certain conditions or 'stimuli' and their potential to lead to other conditions, as distinguished from spurious relationships. Kidder and Yin (1981) indicated that this obtained in the case study approach by using tactics such as pattern matching; explanation building; or time series analysis.

**External Validity**

This refers to establishing the domain to which a study’s findings can be generalised or extrapolated beyond the immediate research setting.

This is further divided into (i) **population validity** which refers to the potential to generalise from the sample involved in the research, (ii) to a **wider population or ecological validity** referring to the extent it is
possible to generalise from the actual social context in which the research has taken place. This refers to the issue of how artificial or atypical the research setting is relative to natural contexts typical to normal everyday life.

Kidder & Yin (1981) suggest tactics such as replication, logic in multiple case studies should be used to assist in overcoming this problem.

**Reliability**

This criteria refers to the consistency of results obtained in the research. To achieve reliability another researcher should be able to replicate the original research using the same subjects and the same research design under the same conditions. Kidder and Yin (1981) recommend that case study protocol, or case study data bases be used to increase reliability.

Kidder and Yin (1987) put forward another criteria which is used to evaluate the suitability of the case study approach.

**Construct Validity**

This involves establishing correct operational measures for the concepts studied. This is achieved by using multiple sources of evidence,
establishing a chain of evidence or having key informants review draft case study report.

THE CASE STUDY PROCESS

For the purpose of this specific project, and the benefits occurring from the case study method, the author will concentrate on using the case study approach. The following stages will be analysed when deciding on the operational aspects of the approach.
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<th>STEP</th>
<th>ACTIVITY</th>
<th>REASON</th>
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<tr>
<td>1. Getting Started</td>
<td>Definition of research&lt;br&gt;Possibly priori constructs&lt;br&gt;Neither theory nor hypotheses</td>
<td>Focuses efforts&lt;br&gt;Provides better grounding of measures&lt;br&gt;Retains theoretical flexibility</td>
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<td>2. Selecting Cases</td>
<td>Specified population&lt;br&gt;Theoretical, not random sampling</td>
<td>Constrains extraneous variation and sharpens external validity&lt;br&gt;Focuses efforts on theoretically useful cases, i.e. those that replicate or extend theory by filling conceptual categories&lt;br&gt;Strengthens grounding of theory by triangulation of evidence&lt;br&gt;Synergistic view of evidence&lt;br&gt;Fosters divergent perspectives and strengthens grounding&lt;br&gt;Speeds analyses and reveals helpful adjustments to data collection&lt;br&gt;Allows investigators to take advantage of emergent themes and unique case features&lt;br&gt;Gains familiarity with data and preliminary theory generation&lt;br&gt;Forces investigators to look beyond initial impressions and see evidence through multiple lenses&lt;br&gt;Sharpens construct definition, validity, and measurability&lt;br&gt;Confirm, extends, and sharpens theory&lt;br&gt;Builds internal validity&lt;br&gt;Builds internal validity, raises theoretical level, and sharpens construct definitions&lt;br&gt;Sharpens generalisability, improves construct definition, and raises theoretical level&lt;br&gt;Ends process when marginal improvement becomes small</td>
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<tr>
<td>3. Crafting Instruments</td>
<td>Multiple data collection methods&lt;br&gt;Qualitative and quantitative data combined&lt;br&gt;Multiple investigators</td>
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<tr>
<td>4. Entering the Field</td>
<td>Overlap data collection and analysis, including field notes&lt;br&gt;Flexible and opportunistic data collection methods</td>
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<td>5. Analysing Data</td>
<td>Within-case analysis&lt;br&gt;Cross-case pattern search using divergent techniques</td>
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<td>6. Shaping Hypotheses</td>
<td>Iterative tabulation of evidence for each construct&lt;br&gt;Replication, not sampling, logic across cases&lt;br&gt;Search evidence for &quot;why&quot; behind relationships</td>
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<tr>
<td>7. Enfolding Literature</td>
<td>Comparison with conflicting literature&lt;br&gt;Comparison with similar literature</td>
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<tr>
<td>8. Reaching</td>
<td>Theoretical saturation when possible</td>
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**SOURCE:** Process of Building Theory from Case Study Research - Eisenhardt (1989)
Eisenhardt (1989) suggests the above as a road map for building theories from case study research by synthesizing previous work Glaser and Strauss (1967), Yin (1981) and Mules and Huberman 1984). This framework would appear to be directed towards a positivist approach to research, with the aim of developing testable hypotheses and theory generalised across settings.

**Stage I - Getting Started**

This required the researcher to define her research parameters, or at least developing a priori specification of constructs which assist in shaping initial design of theory. As Mintzberg (1979) noted "no matter how small the sample is, or what our interest, we have always tried to go into organisations with a well defined focus - to collect specific kinds of data systematically". Eisenhardt (1989) indicated

"it is important that theory building research is begun as close as possible to the ideal of no theory under consideration and no hypothesis to test."

While difficult to do, it is important to attempt research as preordained theoretical perspectives or propositions may bias and limit the findings. To summarise the first step involves formulating a research problem and possible to identify some important variables.

The basic research problem or question specific to this study is Management Development - its role and application in the small firm and its influence on the behaviour of the owner/manager. Variables of interest to the
researcher include the profile of the manager, management structure, stage of development of the firm, number of employees number and type of development programmes undertaken.

Management Development will be examined in a broad context, to include any formal/informal training or development programmes undertaken internally or externally within this context the following variables will be examined:

- awareness and knowledge of Management Development Programmes
- level of participation in these programmes
- benefits if any of obtained from participating in these programmes
- general attitudes and level of satisfaction with programmes
- training and development budget of the organisation.

Analysis of these variables will provide interesting detail to address the outlined problem.

Stage II - Selecting Cases

As in hypothesis testing research the concept of a population is critical, as this population defines the set of entities from which the research sample is to be drawn. As Eisenhardt (1984) indicates the selection of an appropriate population controls extraneous variation and helps to define the limits for generalising the findings.

While cases may be chosen randomly, random selection is neither necessary,
nor even preferable. As Pettigrew (1988) noted, "given the limited number of cases which can usually be studied, it makes sense to choose cases such as extreme situations and polar types in which the process of interest is "transparently observable". This emphasises the goal of theoretical sampling which is to choose case(s) which are likely to replicate or extend the emergent theory. With the above in mind the author was now faced with the decision of how many cases to research, and how they should be chosen. To assist in this area the author referred to Yin (1981) which indicated the majority of literature does not provide a statistical guideline for deciding on the number of cases to use, as is available for the more common methods such as survey etc. The decision is left to the researcher, keeping in mind that undertaking too many cases increases generalisability and validity.

The author decided on the multiple-case approach, benefiting from the advantage of "comparative studies, George, (1979). This will provide more enriched results and allowed for similar results (a literal replication) or contrary results (a theoretical replication). Each case within the overall sample will be embedded, which will allow for more detailed within case analysis as well as cross case analysis (see Stage 5).

The final sample chosen by the author can be summarized as follows:

- Sampling Region - General Irish companies
- Sampling Frame - Owner/managed firms with maximum 50 employees

As mentioned in Chapter 1 the author decided to base research on
companies as defined by SFADCo and IDA, i.e. firms with a maximum of 50 employees. This facilitated easier sampling and allowed the author to work within the definition most commonly known.

**Sampling Unit** - Four companies

The author decided on four companies as from an evaluation of the various companies available it was considered four would provide a good basis to allow for cross analysis, which will provide more enriched information. The companies were selected from different industry sectors and different stages of the company life cycle.

**Stage III - Crafting Instruments and Protocols**

Theory-building researchers typically combine multiple data collection methods. While interviews, observations, and archival sources are particularly common, inductive researchers are not confined to these choices. Some investigators employ only some of these data collection methods e.g. Gersick, (1988), used only observations for the first half of her study), or they may add others e.g. Bettenhausen & Murnighan, (1986), used quantitative laboratory data. The rationale is the same as in hypotheses-testing research. That is, the triangulation made possible by multiple data collection methods provides stronger substantiation of constructs and hypotheses.

Of special note is the combining of qualitative with quantitative evidence. Although the terms qualitative and case study are often used
interchangeably Yin (1981) case study research can involve qualitative data only, quantitative only, or both Yin, (1984). Moreover, the combination of data types can be highly synergistic. Quantitative evidence can indicate relationships which may not be salient to the researcher. It can also prevent researchers from being carried away by vivid, but false, impressions in qualitative data, and it can bolster findings when it corroborates those findings from qualitative evidence. The qualitative data is useful for understanding the rationale or theory underlying relationships revealed in the quantitative data or may suggest directly theory which can then be strengthened by quantitative support Jick, (1979).

Mintzberg (1979) described this synergy as follows:

"For while systematic data creates the foundation for our theories, it is the anecdotal data that enable us to do the building. Theory building requires rich description, the richness that comes from anecdote. We uncover all kinds of relationships in our hard data, but it is only through the use of this soft data that we are able to explain them."

In developing an understanding of small business the research process demonstrates it useful to employ a mixed qualitative/quantitative approach. The qualitative approach allowed the researcher to collect detailed descriptions such that 'significant lines of relationship' can be identified for closer inspection, Tomkins and Groves, (1983) i.e. the participation in Management Development Programmes and level of effectiveness of management. Since qualitative data was collected in a structured manner it was used to produce measures which could be tested by quantitative scales. This approach provided better guidance in collecting and analysing the data.
A qualitative/quantitative approach must be precise in its application. The researcher must design the approach with the intention of answering the research questions posed. The research questions were practical and facilitated easy access to data. As well, the number of research questions had a direct relationship with the amount of data to be collected. For instance, if we wanted to understand better how product innovation influences the growth of small business, we would not just focus our research questions and collect data on the product management, but would also incorporate the effects of situational and external variables. This approach investigates the situation in depth and provides a global account incorporating effective research questions with structured descriptive data.

In many respects the real trade-off between qualitative and quantitative approaches is a trade-off between breadth and depth. Many researchers believe that qualitative and quantitative research approach mixes do not have their places in organisational research because it creates problematic methodological problems. Louis (1982) states that combining qualitative and quantitative research approaches have much support and has recorded the observation that:

"Zetterberg (1962) advanced the hypothesis that qualitative and quantitative sociology each had an appropriate and essential role in the advancement of the discipline: qualitative fieldwork can help illuminate the theoretical and measurement issues in new areas of study while quantitative methods are appropriate for testing the hypothesis derived from rigorous field methods."

The literature has not been specific with its application and interpretation of qualitative or quantitative approaches in the social
sciences such that researchers are unable to explain fully their actions
Louis (1982). The adoption of a mixture of both qualitative and
quantitative approaches to research is generally avoided because there is
insufficient guidance regarding the implementation of different mixed
method designs. Marks and Shortland, (1984), Miles, (1981) and Huberman,

There are several social science examples of data analysis in mixed
research approaches in terms of collecting, comparing or integrating
However these studies have not completely offered the most appropriate
solution because of methodological difficulties (Miles, 1982). Despite the
deficiencies encountered in the adoption of a quantitative and qualitative
approach we must still be prepared to experiment, given that alternative
research designs are displaying data analysis techniques which are becoming
increasingly complex.

The basic approach used by the author was qualitative in nature, but
introduced some quantitative aspects by using an unstructured questionnaire
to guide research.

The case study protocol is more than an instrument. It provides procedures
and general rules that should be followed during the course of the case
study research. The protocol used by the author in this instance addressed
the following:
defining project objectives, issues and analysing relevant information relating to the topic. The author obtained and analysed any relevant secondary information which was available on the topic. This provided an improved understanding and highlighted specific areas that warranted further study. Analysis of this literature research coupled with the author’s experience of working with owner/managers the following objectives were identified.

- to obtain attitudes, perceptions of owner/managers of management development programmes.

- to identify their perceived level of value/benefits of these programmes.

- to determine the participation rates, why they participated and at what stage of their business life cycle did they undertake development programmes.

- to evaluate their overall level of satisfaction with the programme content, structure, price etc.

- to examine differences in performance pre and post participation in programme.

- these questions were evaluated taking into consideration the profile of the manager, company size and industry sector.
This provided the author with specific parameters to work within and guide the operation of case study interviews.

Stage IV - Entering the Field

A striking feature of research to build theory from case studies is the frequent overlap of data analysis with data collection. For example, Glaser and Strauss (1967) argue for joint collection, coding, and analysis of data, which is generally not achieved by researchers to a great degree.

Field notes, a running commentary to oneself and/or a research team, are an important means of accomplishing this overlap. As described by Van Maanen (1988) field notes are an ongoing stream of consciousness commentary about what is happening in the research, involving both observation and analysis, preferably separated from each other.

Overlapping data analysis with data collection not only gives the researcher a head start in analysis but, more importantly, allows researchers to take advantage of flexible data collection. Indeed, a key feature of theory-building case research is the freedom to make adjustments during the data collection process. These adjustments can be the addition of cases to probe particular themes which emerge. Gersick (1988), for example, added several cases to her original set of student teams in order to more closely observe transition point behaviours among project teams. These transition point behaviours had unexpectedly proved interesting, and Gersick added cases in order to focus more closely on the transition period.
Additional adjustments can be made to data collection instruments, such as the addition of questions to an interview protocol or questions to a questionnaire, Harris & Sutton, (1986). These adjustments allow the researcher to probe emergent themes or to take advantage of special opportunities which may be present in a given situation. In other situations adjustments can include the addition of data sources in selected cases. For example, Sutton and Callahan (1987) added observational evidence for one case when the opportunity to attend creditors' meetings arose, and Burgelman (1983) added interviews with individuals whose importance became clear during data collection. Leonard-Barton (1988) went even further by adding several experiments to probe her emergent theory in a study of the implementation of technical innovations.

Having decided on the sample unit, the author then set about the task of negotiating access to the selected firms. Gaille (1978) cited from his experience of case studies that this step can be very time consuming and teneous.

The author was perhaps fortunate in this instance, as experience in dealing with the small firm sector resulted in having previous knowledge and introductions to some of the sample. This overcame the disadvantages of the 'cold-calls' technique. Introduction and participation at workshops for small firm managers also provided an introduction to the sample companies. Informal interviews were undertaken, using unstructured questionnaires to guide behaviour. The author developed good relationships
with the relevant managers which resulted in obtaining very interesting and relevant information. Interviews were recorded to ensure that all details were retained.

Stage 5 - Analysing Data

Analysing data is the heart of building theory from case studies, but it is both the most difficult and the least codified part of the process. Published studies generally describe research sites and data collection methods, but give little space to discussion of analysis, resulting in a huge chasm separating data from conclusions. As Miles and Huberman (1984) wrote:

"One cannot ordinarily follow how a researcher got from 3,600 pages of field notes to the final conclusions, sprinkled with vivid quotes."

However, several key features of analysis can be identified.

One key step is within-case analysis. The importance of within-case analysis is driven by one of the realities of case study research: a staggering volume of data. As Pettigrew (1988) described, there is an ever-present danger of "death by data asphyxiatiom". The volume of data is all the more daunting because the research problem is often open-ended. Within-case analysis can help investigators cope with this deluge of data.

Within-case analysis typically involves detailed case study write-ups for each site. These write-ups are often simply pure descriptions, but they
are central to the generation of insight, as they help researchers to cope early in the analysis process with the often enormous volume of data. Gersick, (1988); Pettigrew, (1988). However, there is no standard format for such analysis. Quinn (1980) developed teaching cases for each of the firms in his study of strategic decision making in six major corporations as a prelude to his theoretical work.

Gersick (1988) prepared transcripts of team meetings. Leonard-Barton (1988) used tabular displays and graphs of information about each case. Abbott (1988) suggested using sequence analysis to organise longitudinal data. In fact, there are probably as many approaches as researchers. The overall idea is to become intimately familiar with each case as a stand-alone entity. This process allows the unique patterns of each case to emerge before investigators push to generalise patterns across cases. In addition, it gives investigators a rich familiarity with each case, which in turn accelerates cross-case comparisons.

Cross-Case Analysis

Coupled with within-case analysis is cross-case search for patterns. The tactics here are driven by the reality that people are notoriously poor processors of information. They leap to conclusions based on limited data Kahneman & Tversky, (1973), they are overly influenced by the vividness Nisbett & Ross, (1980) or by more elite respondents Miles & Huberman, (1984), they ignore basic statistical properties, Kahneman & Tversky,
(1973), or they sometimes inadvertently drop disconfirming evidence, Nisbett & Ross, (1980). The danger is that investigators reach premature and even false conclusions as a result of these information-processing biases. Thus, the key to good cross-case comparison is counteracting these tendencies by looking at the data in many divergent ways.

One tactic is to select categories or dimensions, and then to look for within-group similarities coupled with intergroup differences. Dimensions can be suggested by the research problem or by existing literature, alternatively the researcher can simply choose some dimensions. For example, in a study of strategic decision making, Bourgeois and Eisenhardt (1988) sifted cases into various categories including founder run vs. professional management; high vs. low performance; first vs. second generation product; and large vs. small size. Some categories such as size and product generation revealed no clear patterns, but others such as performance led to important patterns of within-group similarity and across-group differences. An extension of this tactic is to use a 2 x 2 or other cell design to compare several categories at once, or to move to a continuous measurement scale which permits graphing.

A second tactic is to select pairs of cases and then list the similarities and differences between each pair. This tactic forces researchers to look for the subtle similarities and differences between cases. The juxtaposition of seemingly similar cases by a researcher looking for differences can break simplistic frames. In the same way, the search for similarity in a seemingly different pair can lead to more
sophisticated understanding. The result of these forced comparisons can be new categories and concepts which the investigators did not anticipate. Eisenhardt and Bourgeois (1988) found the CEO power differences dominated initial impressions across firms. However, this paired comparison process led the researchers to see that the speed of the decision process was equally important (Eisenhardt). Finally, an extension of this tactic is to group cases into threes or fours for comparison.

The overall objective behind the cross analysis, whether within or between cases, is to force investigators to go beyond initial impressions, especially through the use of structural and diverse lenses on the data. These tactics improve the reliability and validity of data obtained, and increase the chance of uncovering the novel findings.

The author undertook both within case and cross case analysis to obtain increased detail, reliability and validity of information. It also provided interesting comparisons between companies in similar situations with regard to management development.

Within case analysis involved isolating certain characteristics such as the profile of the manager's management style, structure, length of time in business, role of support agencies, training and development programmes undertaken, which were then analysed against the overall attitudes of managers to management development, their participation and its contribution or otherwise to the success or stage of development of their
business. This allowed for a detailed embedded view of the organisation as a whole and how the various elements impact upon each other.

Cross case comparison undertaken to analyse similarities or differences that existed between companies, and more importantly why these differences emerged and finally their contribution to the overall development of the manager and the firm as a whole. This followed the recommendations suggested by Patten (1982) who recommended pattern matching explanation building and time-series analysis. He also suggests to apply where possible statistical procedures which better analyse any categorical variables identified by the qualitative analysis.

Stage 6 - Shaping Hypothesis

From the within-site analysis plus various cross-site tactics and overall impressions, tentative themes, concepts, and possibly even relationships between variables begin to emerge. The next step of this highly iterative process is to compare systematically the emergent frame with the evidence from each case in order to assess how well or poorly it fits with case data. The central idea is that researchers constantly compare theory and data - iterating towards a theory which closely fits the data. A close fit is important to building good theory because it takes advantage of new insights possible from the data and yields an empirically valid theory Eisenhardt (1984).
One step in shaping hypotheses is the sharpening of constructs. This is a two-part process involving (1) refining the definition of the construct and (2) building evidence which measures the construct in each case. This occurs through constant comparison between data and constructs so that accumulating evidence from diverse sources converges on a single, well-defined construct.

This process is similar to developing a single construct measure from multiple indicators in hypothesis-testing research. That is, researchers use multiple sources of evidence to build construct measures, which define the construct and distinguish it from other constructs. In effect, the researcher is attempting to establish construct validity. The difference is that the construct, its definition, and measurement often emerge from the analysis process itself, rather than being specified a priori. A second difference is that no technique like factor analysis is available to collapse multiple indicators into a single construct measure. The reasons being that the indicators may vary across cases (i.e. not all cases may have all measures), and qualitative evidence (which is common in theory-building research) is difficult to collapse. Thus, many researchers rely on tables which summarise and tabulate the evidence underlying the construct, Miles & Huberman, (1984); Sutton & Callahan, (1987).

The reasons for defining and building evidence for a construct apply in theory-building research just as they do in traditional, hypothesis-testing work. That is, careful construction of construct definitions and evidence
produces the sharply defined, measurable constructs which are necessary for strong theory.

A second step in shaping hypotheses is verifying that the emergent relationships between constructs fit with the evidence in each case. Sometimes a relationship is confirmed by the case evidence, while other times it is revised, disconfirmed, or thrown out for insufficient evidence. This verification process is similar to that in traditional hypothesis testing research. The key difference is that each hypothesis is examined for each case, not for the aggregate cases.

Thus, the underlying logic is replication, that is, the logic of treating a series of cases as a series of experiments with each case serving to confirm or disconfirm the hypotheses, Yin, (1984). Each case is analogous to an experiment, and multiple cases are analogous to multiple experiments. This contrasts with the sampling logic of traditional, within-experiment, hypothesis-testing research in which the aggregate relationships across the data points are tested using summary statistics such as F values, Yin, (1984).

In replication logic, cases which confirm emergent relationships enhance confidence in the validity of the relationships. Cases which disconfirm the relationships often provide an opportunity to refine and extend the theory. For example, in the study of the politics of strategic decision making, Eisenhardt and Bourgeois (1988) found a case which did not fit with the proposition that political coalitions have stable memberships. Further
examination of this disconfirming case indicated that the executive team in the case had been newly formed at the time of the study. This observation plus replication in another case led to a refinement in the emergent theory to indicate that increasing stabilisation of coalitions occurs over time.

At this point, the qualitative data is particularly useful for understanding why or why not emergent relationships hold, . When a relationship is supported, qualitative data often provides a good understanding of the dynamics underlying the relationship, that is, the 'why' of what is happening. This is crucial to the establishment of internal validity. Just as in hypothesis-testing research an apparent relationship may simply be a spurious correlation or may reflect the impact of some third variable on each of the other two. Therefore, it is important to discover the underlying theoretical reasons for why the relationship exists.

Overall the author will shape the hypothesis by measuring constructs and verifying relationships between variables and asking why certain patterns emerge.

As mentioned the results confirm certain relationships, etc. i.e. positive attitude and participation in management development results in a more successful organisation.

This section of the research proved very interesting and threw out some very valuable information which was further examined. The hypothesis
examined is that owner/managers who participate in management development programmes in the early stages of their company development are more effective and efficient in managing their business. They are more competent in decision making, planning, implementing control and also in managing environmental factors.

Stage 7 - Enfolding Literature

An essential feature of theory building is comparison of the emergent concepts, theory, or hypotheses with the extant literature. This involves asking what is this similar to, what does it contradict, and why. A key to this process is to consider a broad range of literature.

Examining literature which conflicts with the emergent theory is important for two reasons. First, if researchers ignore conflicting findings, then confidence in the findings is reduced. For example, readers may assume that the results are incorrect (a challenge to internal validity), or if correct, are idiosyncratic to the specific cases of the study (a challenge to generalisability). Second and perhaps more importantly, conflicting literature represents an opportunity. The juxtaposition of conflicting results forces researchers into a more creative, framebreaking mode of thinking than they might otherwise be able to achieve. The result can be deeper insight into both the emergent theory and the conflicting literature, as well as sharpening of the limits to generalisability of the focal research.
Evaluation of literature discussing similar findings is important because it ties together underlying similarities in phenomena normally not associated with each other. The result is often a theory with stronger internal validity, wider generalisability, and a higher conceptual level. For example, in her study of technological innovation in a major computer corporation, Leonard-Barton (1988) related her findings on the mutual adaptation of technology and the host organisation to similar findings in the education literature. In so doing, Leonard-Barton strengthened the confidence that her findings were valid and generalisable because others had similar findings in a very different context.

Overall, tying the emergent theory to existing literature enhances the internal validity, generalisability, and theoretical level of theory building from case study research. While linking results to the literature is important in most research, it is particularly crucial in theory-building research because the findings often rest on a very limited number of cases. In this situation, any further corroboration of internal validity or generalisability is an important improvement.

The author in the previous chapters (particularly Chapter 3) evaluated the relevant literature on this topic. This literature provided a conceptual framework, which guided empirical research design and development. These chapters provide the link between theory and method. A comparison of results of both the literature and results of case studies will provide interesting reading, and also result in providing topics which can be used as the basis for further studies.
Stage 8 - Reaching Closure

Two issues are important in reaching closure: (i) when to stop adding cases, and (ii) when to stop iterating between theory and data. In the first, ideally, researchers should stop adding cases when theoretical saturation is reached. Theoretical saturation is simply the point at which incremental learning is minimal because the researchers are observing phenomena seen before, Glaser and Strauss, (1967). This idea is quite similar to ending the revision of a manuscript when the incremental improvement in its quality is minimal. In practice, theoretical saturation often combines with pragmatic considerations such as time and money to dictate when case collection ends.

In the second closure issue, when to stop iterating between theory and data, again, saturation is the key idea. That is, the iteration process stops when the incremental improvement to theory is minimal. The final product of building theory from case studies may be concepts (e.g., the Mintzberg and Waters, (1982), deliberate and emergent strategies), a conceptual framework (e.g., Harris & Sutton’s, (1986) framework of bankruptcy), or propositions or possibly mid-range theory (e.g., Eisenhardt and Bourgeois’s, (1988), mid-range theory of politics in high velocity environments). On the downside, the final product may be disappointing. The research may simply replicate prior theory, or there may be no clear patterns with the data.

This is the final stage when the author will summarise the findings of the
research and present them in a case report which will highlight the pertinent issues arising from the research and ideas for further discussion.

5.5 Summary

The author after evaluating a number of research approaches, decided to use the case study approach to meet the requirements of the proposed research. The case study approach facilitated the specific requirements of the sample, while allowing the researcher to obtain the type and depth of information required. The case study approach allowed the author to obtain intimate knowledge of the small firm in its natural context, which adheres to the objective of the study.
CHAPTER SIX

RESEARCH FINDINGS
This chapter concentrates on analysing the results of the case study investigations. Data analysis will consist of examining, categorising and comparing, the data to address the initial propositions of the study.

In analysing the results of the cases, the author will follow some of the suggestions of Miles and Huberman (1984) who suggested:

- putting information into different arrays
- making a matrix of categories and placing the evidence within such categories.

This will assist the author to produce analytic conclusions, and rule out alternative interpretations. The literature review conducted, highlighted the problems faced by owner/managers at the various stages of development. The basic problem encountered by the owner is their inability to manage a number of functions and manage the change which occurs with a developing business. The case study method will evaluate the role and application of management development in the small firm.
To facilitate ease of analysis the case studies were analysed individually under a number of prescribed headings, and were then drawn together and compared in the conclusion section. The headings used for analysis are as follows:

- **Company profile, i.e.**
  - industry sector
  - types of products/services
  - production process/technology
  - growth stage of the firm
  - number of employees
  - management structure

- **Environmental analysis, i.e.**
  - market/customer trends
  - product life cycle
  - competitive influences
  - technology changes
  - quality standards
  - supplier relationships

- **Owner/Manager profile, i.e.**
  - age of entrepreneur
  - characteristics
  - motivation to start in business
  - experience to date
  - skill base of owner
  - previous management development undertaken
  - attitude to management development
- Management development programmes undertaken, ie.

- types of programmes undertaken
- structure/content of programmes
- sources of management development (internal, external)
- methods of management development
- level of satisfaction with programmes
- perceived benefits/outcomes arising from the programme
- what owner/managers want in management development programmes
- time and cost commitments
6.1 CASE STUDY I SMITHSTOWN ENGINEERING

Contact Name: Mr Brian King
Age: 43
Qualification: Trained Fitter
Number of employees: 46 full-time employees

Company Background

Smithstown Engineering was established in 1974 by Mr Brian King together with two other individuals. The company was formed under a partnership each having one third share of the company. However, as is often the case with partnerships problems occurred, eventually resulting in Mr King being left as sole owner and manager of the operation in 1980. Mr King was faced with a very large task as he was a fitter by profession and did not have any managerial experience. This would be generally the typical situation as can be seen from literature where the owner/manager emerges from "an expertise background". The first few years of company development proved very difficult as the firm had been left in a very poor financial position after the dissolution of the partnership. The company began to turnaround by developing new products and markets.

The company is involved in injection moulding, tooling, general fabrication, design and manufacture of machines to customer specification. The company supplies a broad range of products to different industry types, e.g. medical, chemical, health, etc. The
company is presently in the process of obtaining the ISO9000 quality standard. Quality is a critical element of the firm's production and is the main selling point for the products. Orders are produced to meet the specific requirements of individual customers, which results in technology being an important aspect of the firm.

Stage of Development

Smithstown Engineering can be classified into Stage 3 of the life cycle where the firm is now successfully diversifying into new market and product areas. The firm is in the process of developing a standard line of products. The firm is efficiently organised containing an effective management team, and a trained staff who are motivated. Mr King has less day to day direct involvement in the firm and is more heavily involved in the macro issues of the company.

Characteristics and Experience of the Individual

Mr King emerges from what he considers a lower to middle-class background. His father was an operative in a local factory while his mother assumed the role of housewife. Brian is the second eldest in a family of three. The general assumption that entrepreneurs are more likely to emerge from a family business or business background does not hold here. Brian received second level education but did not pursue a third level qualification. He indicated that third level education was not very heavily encouraged from his parents, but an orientation existed towards gaining some form of trade which would
ensure he would be able to gain employment easily. This resulted in Brian completing an apprenticeship course as a fitter. He obtained employment in a local company.

Brian did not consider entrepreneurship as a career option at this stage. The family of this owner/manager did not provide encouragement either directly or indirectly to Brian to consider setting up in business as a career option. Education did not play any part in influencing this individual to set up in business, and Brian presently believes that education is not closely linked to entrepreneurship.

Brian described his personal characteristics as follows - self-conscious, not outgoing or extroverted, which he indicated were factors which caused him discomfort, especially in the early days of business. He also indicates he is quietly decisive and determined, and is not a high risk taker. He indicated that the ability to make decisions and standing by those decisions coupled with determination are the primary reasons that contribute to his success. The proper attitude and a positive frame of mind are also very important.

He considered his personality to be very "normal" and indicated that he did not possess any unique characteristics which helped him succeed as a business manager. This would fall in with the more contemporary theory which states that entrepreneurs are not a breed apart and that entrepreneurship is a viable career opportunity for most individuals.
Motivation to Start in Business

Mr King could be described as having been "pushed" into entrepreneurship by a number of factors, which would coincide with the literature on this topic. Brian as a fitter gained experience in a number of companies, but did not seem to progress within these organisations.

Work became routine and monotonous, and the monetary benefits associated with work became less motivating. Brian considered the idea of starting in business for approximately eighteen months. Originally, the idea was a concept which was not very realistic or viable. He also did not feel very confident or comfortable with this idea on his own so he mentioned it to a friend, who began to get interested. Eventually, Brian plus two other fitters came together to work consciously on developing a business.

Brian indicated that as the business idea came to the starting stage it became a daunting and frightening task as neither of the individuals had any experience of managing a business.

Specific reasons for starting in business were identified. The reasons were ranked in order of priority and are as follows:

- dissatisfaction with existing job, and a desire to rectify this
- a wish for independence/"to do his own thing"
- felt very knowledgeable and comfortable in his area of expertise.

Brian also had developed a number of contacts who he considered would be beneficial when starting up.

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Overall, Brian wanted to undertake a challenging task which would create job satisfaction while providing the independence he also wished for. He wanted to follow through with an idea he considered viable. Brian did not mention money as a primary motivating factor, but did indicate that it was a consideration in the final decision of whether or not to start up.

As the literature indicates this pre-career stage, took a long period of time. Brian indicated that his final decision involved evaluating the level of risk involved, both job security wise and financially. He also indicated that family commitments i.e. wife, children and mortgage made the decision more difficult.

Brian indicated that the family support was very important at this stage which helped him make a decision to go into business. This is in keeping with the literature, which indicates the importance of spouse and family support. The degree of uncertainty was reduced as Brian entered the business with two others who shared the responsibilities and burdens.
Management Structure

The structure of the company is quite simple and closely guarded by the owner/manager. As can be seen from the organisation chart, Marketing and Finance are omitted as functions. Mr King clarified this query by indicating that the main financial function is undertaken external to the organisation by a team of accountants. The marketing and sales function is maintained at the apex of the organisation where Mr King himself assumes these responsibilities. This is an area which will need to be reconsidered by the owner as the organisation becomes larger and the role of the managing director becomes more complex and time consuming. Delegation of this function needs to occur, to ensure all areas are exhausted profitably. Mr King is also considering the employment of a financial director which will internalise and provide greater control over the financial side of the business. Mr King could be described as originally the Isolationist style manager, but as the business developed became a Technocentric style manager. He concentrates on quality and the technical side but also realises the importance of the business elements.
Key Environmental Factors

Smithstown Engineering has changed in the past number of years, due to both internal and external influences. The internal influences have mainly arisen from the improved management skills and innovativeness of Mr King. However, external forces have caused changes in the company also. These changes have occurred from a number of factors which will now be discussed.

Perhaps the most influential factor causing change in this company is the rapidly changing requirements of the customer, which require the firm to be proactive, have the ability to perceive these changes and plan according.

Very high levels of quality are required by customers, this has lead Mr King to install a very rigid quality control process, and is currently involved in obtaining the ISO9000 quality standard.

Changes in technology also cause problems for Smithstown Engineering, it is very important that the firm has up to date technology to ensure they can produce the product at a competitive cost and quality.

For the first few years of business, Smithstown were safe from very severe competition which was beneficial as it provided them with an opportunity to develop a reputation in the market-place. However, in the last few years competition is becoming a problem for the company, they have to ensure that they are knowledgeable about what competitors are doing, and how they will react in certain circumstances.
Attitude to Management Development

Mr King was indifferent to the area of management development, mainly as he did not perceive it important in the early stages of formation. This main priority was to ensure the business was operating at least breakeven point. His early attitudes to management development would be similar to his attitudes to education which were negative. After completion of the management development programme, his attitude is much more positive.

Management Development Programmes Undertaken

Mr King was not involved in any management development or enterprise programmes prior to starting in business. He developed from a purely technical background, in keeping with theory and similar to other case studies researched.

In 1982 Brian King was pushed to participate on "The Business Development Programme" organised by the Irish Management Institute. The project officer working with the firm decided it had reached a crisis stage, where the company's products and services were in great demand, but problems existed in co-ordinating the activities of the firm. Therefore, he recommended that Mr King should attend some form of a management development programme. Mr King decided on this programme as its flexible nature facilitated his time constraints. He had also heard very positive feedback from individuals who had participated on the programme.
Mr King was hesitant to attend the programme as he felt self conscious of his lack of academic background; assumed others on the programme would emanate from more progressive companies and would not identify with his particular problems. This is in keeping with the literature reviewed where individuals who have little educational background are more hesitant to participate on management programmes. However, he assured me these fears were very quickly overcome by the assistance of the programme organisers.

The programme had the advantage of providing one day in-company counselling each month. This in conjunction with two residential days each month provided the ideal combination, as it did not force the participant to be away from his company for long periods. It also provided an opportunity for in-company development which is critical according to Mr King. Mr King was very positive about this programme as it provided him with a knowledge of what is involved and required to manage a business efficiently and accommodated his learning style. The in-company counselling allowed the manager to take an objective viewpoint of the methods used in managing the business.

On completion of the programme a number of changes were introduced in the organisation. At this stage Mr King was moving away from the entrepreneurial to the professional management style to accommodate the needs of the organisation. Changes were made at all levels of the company, e.g. a job costing system was put into operation,
employees had to clock in and out of work, quality levels were improved, increased delegation occurred throughout the organisation, more efficient sources of raw materials were evaluated; orders were processed and completed in a more logical format, records were maintained, customer lead time and service improved.

At this stage Mr King was convinced of the need and benefits of training and development throughout the organisation.

Mr King continued and indeed still participates in development programmes. The programmes involved are as follows:

- **Managerial Grid Seminar** organised by Psychology Consultancy Services, Dublin. This programme which ran over five days and a residential weekend developed his negotiating, selling skills and also helped in understanding the behaviour of employees, methods of training, development and motivation. It also assisted in devising policies and procedures for the organisation.

Mr King also undertook some night programmes in marketing, finance etc., which helped refresh and update those functions especially in the area of marketing as he assumes responsibility in this area.
Training and Development Plan/Budget

Mr King developed a training and development plan and budget for his employees at all levels. The budget for 1991 was £10,000, spent on both in-company and external programmes. Mr King views this as a critical element for success, in that if employees are developed they can perform their tasks better and are more motivated in the workplace. The training and development plan applies to all staff from management down through the organisation. The plan is informal at the moment and will be used as a testing plan for this year.

Benefits Obtained from Participating in the Programmes

Brian was very positive regarding the benefits obtained from the programmes undertaken. Brian said he developed his confidence, his negotiating abilities, his sales and presentation abilities which he indicated were critical requirements for him to perform his role as manager and figure-head for his business. He highlighted that these factors are critical at present as he is negotiating sales for very large contracts with large companies.

The programmes also improved his very basic knowledge of running and managing a business. The programmes contributed to improved management skills, the implementation of systems into the company, i.e. costing systems, rules, regulations regarding quality, lead times, etc.
It also highlighted the importance of functions such as planning, delegating, communicating with employees.

Perhaps one of the most important factors is that it convinced Brian of the overall importance of training and development of his staff, which is a critical function in the organisation today.

**General Comments**

Mr King has said he was the typical entrepreneur starting in business. He highlighted that he was very headstrong, confident in his technical abilities but very weak in the area of general management which is critical for the success of the organisation. He viewed management development programmes as a critical necessity for any individual starting in business. He emphasised that it should be obligatory that owner/managers undertake some form of management programmes before starting in business. This should be enforced or be part of the screening process used by state bodies, banks, etc. before they provide finance. He concluded by drawing on the analogy that individuals are not allowed to drive without a licence, therefore, the owner/manager should not be allowed to start in business without some form of management programme which will provide them with the required knowledge and guidelines to operate the business more successfully. Mr King indicated that he regretted not participating on such programmes sooner, as they would have prevented him from making some very costly mistakes.
Contact: Mr Dermot Purcell
Age: 35-38 years
Qualification: B.Sc. MBA
Number of employees: 28

Company Background

BHP Laboratories was founded in 1978 by three individuals from different experience backgrounds. Two of the partners were engineers and the third was involved in the science area. The individuals knew each other before starting in business.

The business was registered as a partnership with each partner having equal share. This ownership structure remains in tact today, unlike the previous company.

Sources of finance came from both the partners own sources plus grants from Shannon Development. This provided the company with the necessary seed funding to commence business. The company is involved in providing a range of technical services in the following areas:

- quality engineering
- welding engineering
- laboratory services
- research and development

Services are also provided in design, verification, quality, auditing, quality control and inspection. Quality and consistency are critical elements of the production process due to the service nature of their operation. It is critical that customers receive the same high level of quality each time.

**Stage of Company Development**

BHP Laboratories is in the late phase of Stage 3 of company development. The company is growing and expanding into new markets both domestically and internationally. They are also involved in developing new services to broaden their customer base. A structured management team has been implemented which accommodates the geographic breakdown of the company.

**Characteristics and Experience of the Individual**

Dermot Purcell is the main innovator of BHP Laboratories. Dermot is part of a comfortable middle class family where his father was involved in a professional occupation and his mother was a full-time housewife. This background varies from the previous case.

Dermot indicated that his family structure encouraged personal and career development, resulting in Dermot attending a third level
institution, which was in the engineering field. While his parents encouraged him to be independent, confident and career oriented, they did not specifically encourage Dermot to seek entrepreneurship as a career option. However, Dermot considers that the development of these characteristics, plus the completion of a third level qualification where beneficial and contributed to his eventual decision to start in business. Unlike the previous respondent, and in keeping with the literature he is very positive about the influence education can have on the decision to start in business. He welcomed the various enterprise initiatives undertaken in colleges and Universities especially in the University of Limerick.

Dermot described himself as an independent individual who has no problems making decisions quickly, is assertive and willing to take risks, concluding that he may be too much of a risk taker at times. He is similar to Mr King, as he indicated that there are no specific traits that distinguish an entrepreneur, he indicated that these factors can be taught and developed in the individual. Dermot gained his practical experience in the engineering field in the service sector. This provided invaluable when he started in business.

Motivation to Start in Business

Dermot was asked to indicate the primary motivating factors that convinced him to start in business. Dermot indicated that he was satisfied with his existing work experience, which was providing him with new experiences and financially rewarding. Therefore, it can be viewed that Dermot was "pulled" in to entrepreneurship as a career option.
The primary pulling factors were outlined as follows:

- the influence of "role models", having knowledge and experience of individuals who managed their own business successfully. This led him to believe that he could do the same.

- the availability and encouragement of individuals who were willing to act as partners and become involved in the business.

- the desire to be independent, be his "own boss", which would allow him to pursue personal objectives.

- financial considerations were also an important factor, he wanted to ensure as far as possible the financial gain of the business would at least be comparable to his existing financial position.

Basically, Dermot had considered entrepreneurship as a career option since soon after leaving college, and indicated that he was just waiting for the right time to start his business.

Dermot has satisfied his need for independence and being his own boss successfully and would never consider working for somebody again. Factors such as status, or recognition by others were not important influencing factors.

Dermot spent a shorter period of time contemplating on his decision to start in business than the previous manager. This can be attributed to a number of factors, namely:
age, and commitments, Dermot was younger, and single, therefore family commitments and the pressure for a secure job was less. This is in keeping with the literature which highlights that individuals who enter business at a younger age do so more quickly and are generally more open to risk.

- work experience - this provided Dermot with valuable experience which helped him identify a potential idea that could be developed. It also provided him with an insight as to what was involved in managing and organising a business which was very beneficial.

- educational experience - Dermot indicated that his educational experience, even though not in business firstly, helped him develop an idea for a business, and also provided him with an introduction to the basic concepts of a business and what is involved in it.

Dermot also indicated the benefits and assistance obtained from external bodies such as Shannon Development were critical in the early stages of development. He considers that the infrastructure for encouraging entrepreneurship is improving in Ireland.
The management structure is organised in such a way to accommodate the geographical requirements of the firm. There are three main locations Limerick, Dublin and London. Each location is assigned a manager who has responsibility for all the functions and aspects of the business. Each location has as their final reporting centre, the Managing Directors office. It is interesting to examine this structure as opposed to the more traditional functions adopted by some of the other case studies. Mr Purcell indicated that this system facilitated their requirements due to the service nature of their markets and the need to provide all facilities to cater for each customer's requirements. Mr Purcell can be described as a technocentric style manager, who has technical expertise but also realises the importance of obtaining business knowledge and interrelating the two areas.
Key Environmental Factors

BHP Laboratories operates in the industrial market, where its customers form an industrial base. Customer size varies with very large continuous, repeat purchases, to the once off customer specific jobs. Due to the changing nature of the market it is critical that constant market research is undertaken to identify new potential needs of existing and new customers. The customised nature of the market requires a heavy concentration of sales people in the firm. Competition in this sector is severe, therefore BHP need to be innovative and ensure they have a competitive edge on the market-place.

Dermot highlighted that the Management Development Programme undertaken highlighted the importance of evaluating environmental variables, but more importantly he indicated that the BDP instructed them on how to evaluate these variables and devise a strategy to overcome any limitations they posed. BHP now entails in its plans a specific strategy to deal specifically with the environmental variables.

Attitude to Management Development

Mr Purcell tended to have an open and positive attitude to management development since the early stages of business. He indicated that he realised his weaknesses were in lack of management experience, and was happy to undertake development programmes.
Management Development Programmes Undertaken

The manager in this instance had undertaken professional academic programmes before starting in business, obtaining a degree in engineering. In this programme, the participants would have been quickly introduced to the concepts of business, but not in sufficient detail to allow them to manage a business.

Having started in business with the other two partners who were all technically knowledgeable but did not have any business accun, they realised that while aspects on the production side were running smoothly major problems were occurring on the other aspects, i.e. a very high staff turnover plus inability to meet customer requirements. At this stage, Mr Purcell decided to go on a development programme. He completed the Business Development Programme organised by the IMI which was considered very beneficial and relevant to his problems. The combination of in class induction, workshops and in company counselling allowed him to translate his learning into his everyday management functions.

Later in company development, Mr Purcell attended the Export Development Programme also run by the IMI. This again was a combination of in class lectures and in company counselling which provided the company with a detailed export strategy which facilitated successful exporting. This was critical as exporting is a major aspect of the business.
Mr Purcell can be viewed as a proactive manager, who on his own initiative identified his management weaknesses, and decided to rectify them by attending some development programmes.

**Management Training and Development Plan/Budget**

BHP Laboratories have not in operation a yearly development plan which identifies and caters for all employees training and development needs.

The budget allocated is 3% of turnover which accounts for approximately £8,000. Management and employees are encouraged to suggest suitable programmes, which would benefit them in their own development and the development of the firm.

**Benefits Obtained from Participating in the Programmes**

Dermot highlighted a number of benefits of the programmes undertaken. He indicated that the programmes made him more structured and organised. They developed his analytical and decision making abilities. They also convinced Dermot of the benefits of planning and more importantly how to plan. The programmes also provided him with the abilities to understand the various aspects of the business and their interrelationship with each other.
The programmes highlighted the importance of the firm's employees, and suggested how these employees should be trained and motivated to ensure they are happy in their work environment. Dermot has indicated that this was a very important benefit, as since completion of the programme and implementation of certain policies for staff, staff turnover has decreased.

Overall, he indicated the programmes, especially the IMI programmes are good because they help the manager take an objective viewpoint of their company, to identify its strengths and weaknesses, and then assists in suggesting means of dealing with them.

He also indicated that the informal learning from other participants is useful. We learn from each other which is very beneficial and relevant for each other.

**General Comments**

Dermot Purcell indicated that he is very satisfied with the progress of his company to date and is especially satisfied with the career option chosen.

However, he indicated that there are some areas/decisions that he would undertake differently, for example:
He would employ skilled and trained staff who show initiative and are capable of working on their own. They did not do this, at the time it was more cost effective, but in the long run more costly as staff turnover was very high. This is in keeping with the literature which states that the entrepreneur will generally not employ individuals who may be better skilled etc. than the manager, as it poses a threat to their supposedly "indispensable" position. When this factor was mentioned to Dermot, he tended to agree with it and indicated that lose of control is a major fear for any entrepreneur.

He suggested that any entrepreneur should be open to ideas of individuals close to them, and try to be objective in terms of their capabilities and resources. He indicated that entrepreneurs try to do everything, and all at once, which is determinable to the individual and the company.

He also advocated the importance of continual development and training for the manager as well as for employees. This lead to his comment on the essential needs for the development of interpersonal skills of the owner. The employees are a critical resource for the firm, therefore it is important that they are sufficiently trained to perform their duties, and motivated to stay with the company.
Contact Name: Mr Tom Meers
Age: 45-50 years
Qualification: Diploma in Management (part-time) 1 year
Number of Employees: 20 full-time employees
1 part-time employee

Company Background

Eirelec Ltd. was established in 1978 by Mr Tom Meers. In 1992 the company moved to their own refurbished premises a facility of 10,000 sq. ft. This facilitated the creation of a new company called AMT (Advanced Manufacturing Technologies). Eirelec Ltd. is engaged in the manufacture of electronic instrumentation, e.g. digital thermometers, while its sister company AMT is heavily engaged in the domain of contracts and electronic design assembly. The introduction of this new sister company provided CAD and surface mount technology facilities for Eirelec Ltd.

AMT Ltd. were then in a position to offer spare design and surface mount assembly capacity to other companies on a subcontractual basis. The companies have developed a range of products/services which they are continually updating due to dynamic market changes. The company has recently opened a sales office in the UK. 70% of the companies product are accounted for by export sales in the European market. Eirelec are at an advanced stage of application for the ISO9002.
Eirelec can be viewed as a very highly technical company where technology and having the correct technology will determine the effectiveness and competitiveness of the company as a whole.

**Stage of Company Development**

Eirelec is entering the late phase of Stage 2, where the company has overcome all the initial teething problems associated with starting a business. It has now established structures and new systems in the company which facilitates smoother running and accommodates the now growing firm. The firm is beginning to add new products and services to its existing range and is actively involved in obtaining the ISO9002. The firm is still suffering some of the problems of delegation, which needs to be increased. The firm is also in the process of sourcing extra finance for the company.

**Characteristics and Experience of the Individual**

Tom Meers emerges from a middle class background, and similar to the previous cases emerges from a non-entrepreneurial background. Both of his parents worked in professional occupations. Tom progressed to a third level college where he completed a Diploma in Electronic Engineering. On completion of this he emigrated to the UK where he initially worked with Rolls Royce in a very junior position. Tom’s family did not encourage him or pose entrepreneurship as a career option. Tom himself did not consider it at this stage, his primary motivation was to gain relevant experience which would provide him
with career opportunities. Tom had a strong sense of ambition and set strict career objectives, which he achieved successfully.

Tom's personal characteristics can be described as confident, shrewd, decisive, resourceful, and determined. He is also willing to take a "reasonable degree" of risk. He considered these attributes to be very important when starting up and establishing a business.

He indicated that education was not in his instance a primary influencing factor but said that it is now becoming more important and relevant to setting up a business. He considered his experience more important in influencing his decision to "go it alone". Experience provided him with the knowledge of how to deal with people, developed his negotiating abilities and also as he indicated, make him "street wise". The bulk of his experience has been gained in the general electronics and engineering field. He did not gain any management experience, which he considered was a disadvantage in the early stages of business development.

**Motivation to Start in Business**

The experience gained by Tom was a primary motivating factor that encouraged him to start in business. From the experience gained he was "pulled" into starting in business i.e.

- the influence of the "role model" concept, where he saw that other individuals had started in business and operated them successfully.
the desire for independence, and the ability to be his own boss also influenced his decision.

the desire for greater financial rewards was another influencing factor which was mentioned.

He also mentioned the level of personal satisfaction and the sense of achievement as being important factors in the decision to start in business. He enjoys the work he does, plus the challenge that a small firm poses. This entrepreneur again coincides with what the literature states, specifically concentrating on the influence of the role model.

Tom spent one-two years deciding to start in business, which involved completing the background work required to start a business. He choose the option of starting up on his own, as sole owner/manager of the firm. He decided on this option as he said basically, it was the only option that seemed obvious to him at the time. He prefers the sole owner route as it allows him greater flexibility and control in managing the business.

Tom’s decision to go into business was hindered by the same doubts as the other case studies. Individuals are torn between the security of what they know against the uncertainty of starting in business. Tom indicated the importance of support being available personally from family and friends, but also from state bodies, banks etc. These individuals are essential to provide advice and assistance in the early years.
The management structure of this company is following the traditional functional structure, where each function of the business is managed by one individual who reports directly to the owner/manager. This structure accommodates the requirements of the firm and allows for improved communication throughout the firm. Mr Meers can be described as a technocentric manager, who has a balanced view to business and realises the importance of having an understanding of functions such as marketing, finance, people management, etc.

**Key Environmental Factors**

Mr Meers could be viewed as a technical entrepreneur, whose firm is operating in a volatile market. Technology, competition, changing demand patterns are perhaps the most critical environmental factors which impact upon the performance of the firm. To obtain a stronger foothold in the market Eirelec developed a sister company to provide essential back-up services and facilities for the firm. This provides a broader product/service range and provides them with a
competitive edge in the market place. Eirelec serve both the domestic and industrial markets, the majority of sales can be contributed to the industrial sector. Customer demands change, and updates and innovations in the product are required frequently. This puts pressure on the company for an effective customer and competition evaluation process. Personal selling and active promotions are also important to ensure awareness and knowledge of the company is high. R&D is an important function in the organisation as it takes responsibility for new product/technology development.

The company is performing well against the various environmental factors and is now involved in exporting which accounts for approximately 70% of overall sales. The decision to export was taken because of the limited growth of the Irish market, and market research indicated greater potential for sales and profitability in the UK market. The trend to export will continue as the company intends to expand its international efforts to other European countries, e.g. Germany, France.

**Attitude to Management Development**

Mr Meers is similar to the previous case study in that he had and has a positive attitude to management development. He had undertaken a third level degree and was therefore, positive about the contribution that development programmes could make to his firm.
Management Development Programmes Undertaken

The owner manager had undertaken some professional programmes before starting in business. These programmes included:

- Diploma in Management (Part I) provided by the Institute of Industrial Psychology.
- A number of short term part-time courses on personnel/industrial relations.

Mr Meers indicated that these programmes provided him with a business base which was very important at the start up stage of the business. When employing staff, especially at middle management, supervisory level he considered it very important for them to have some form of a relevant qualification undertaken.

The interest and realisation of the benefits of development programmes were continued by Mr Meers once business progressed. This resulted in the participation by Mr Meers and his managers in a variety of programmes. The programmes participated in were as follows:

- Customer Awareness
- Telesales
- Techstart
- Personal Development (Creative Management)
Mr Meers indicated a very high level of satisfaction with the programmes provided by Creative Management, as they were tailored specifically to meet the requirements and needs of the company and its employees. These programmes not only provided increased technical or managerial knowledge but also developed the individuals personally increasing their confidence and motivation. The programmes were structured very well in that they accommodated the time requirements of the manager, while providing the mix of structured and unstructured learning. The unstructured learning involved role playing, discussions and analysis of cases.

Mr Meers not only concentrates on management development but emphasises the importance of continual training for staff at all levels, e.g. induction training, operator training, and clerical training. Mr Meers can be categorised as a proactive style of manager, who has a positive attitude to training and ensures both his management and staff are sufficiently trained to perform their duties.

**Training and Development Plan/Budget**

Eirelec do not have a specific training plan in their firm. However, development requirements of each manager and staff member are reviewed at least once a year which highlights their requirements.

The company does not have a specific budget allocated to training and development.
BENEFITS OBTAINED FROM PARTICIPATING IN THE PROGRAMME

Tom has not been as extensively involved in management development programmes as the previous managers. The programmes undertaken tend to be specific to one aspect of the business as opposed to general management programmes. Tom has believed that he has learned from these courses, he indicated that even the discipline of organising himself to attend the programme was good.

Overall, the programmes encouraged him to take a realistic and objective viewpoint of his company which highlighted a number of not only problems but areas of potential opportunity that had been overlooked.

They forced Tom to consider other people in the organisation and to understand the benefits of delegating. Another benefit of some of the programmes is that taught Tom how to identify and evaluate the external environment, and understand its impact upon his company.

General Comments

Tom concluded the interview by stating that individuals who are contemplating entrepreneurship as a career option must not be fooled into thinking it is an easy option. They need to realise the problems associated with the development of the company in the first few years, have the persistence, resourcefulness to persevere with it.
An individual should not go into business solely for financial rewards, there must be other motivations also.

He also indicated the need for the manager to undertake management programmes. This is especially true if the individual does not have a relevant business qualification. He indicated that while it is important to have the technical knowledge, it is equally important to have the business knowledge. Similar, to the previous case, he emphasised the importance of having trained and motivated staff working with you to develop the company.

Mr Meers is positive about the need for managers to undertake development programmes. However, similar to other respondents the primary constraint is time. He suggested that programmes should be organised outside normal working hours and would also need to be specific to the particular company requirements. Cost was also seen as a prohibiting factor as the manager will find other more tangible items to spend this money on. He indicated the need for subsidies for these type of programmes.

He considered the generality of many of the available programmes a problem as they are geared more for the larger organisation.
Case Study 4: Ovelle Ltd.

Contact Name: Mr Sean Gardiner
Age: 45-50 years
Qualifications: Pharmacist
Number of Employees: 45 full-time employees

Company Background

Mr Sean Gardiner purchased Ovelle Ltd. in 1975. Entry into business by this entrepreneur was through acquisition of an existing business which is in contrast to the other cases who started business the traditional route.

The company originally manufactured a range of pharmaceutical products. In 1982 after undertaking market and product research they decided to manufacture a range of dermatology products. To facilitate this expansion the company moved into a new purpose built factory.

New product development is viewed as a critical element of the firm to ensure the company is up to date with its products which will allow it to maintain a competitive edge on the market-place. The company now sells both generic and branded products to accommodate varying market requirements. The firm is currently involved in the export market, selling its generic products to Denmark, UK, Holland and Germany. Attempts are also under way to get their branded products on sale in the UK and German markets.
Stage of Company Development

This company is in its second life as a result of a buyout by Mr Gardiner. Presently it is entering its second stage of development. It is beginning to grow and expand, but is also limited by extra demands for financial and human resources to help the company develop. The firm is changing and expanding original systems in operation to accommodate the expanding requirements of the firm.

Characteristics and Experience of the Individual

Sean Gardiner similar to the other case studies emerges from a middle class background, of non-entrepreneurial parents. Sean progressed to become a pharmacist, and began his earlier work experience in this area. Sean, while not ruling out the potential of starting in business didn’t seriously consider the option until the 1970s.

His educational experience did not contribute to starting-up in business, as his studies tended to be very traditionally oriented, concentrating specifically on pharmacy. No business education was received. He gained experience as an industrial chemist, and also worked in the area of brand development. This provided him with an insight into some aspects of management, especially marketing.

Sean would describe his personality as very normal, he is confident, decisive, enjoys a challenge and variety in work, has the ability to take a risk, but not just for the sake of taking risk. He also indicates that he is very people oriented, which he considers essential in a small firm.
These characteristics are similar to all the case studies undertaken. Sean also indicated that it is within reason that most individuals can become owner/managers. He emphasised that the correct attitude and frame of mind is critical as it determines the managers behaviour which in turn affects the direction of the company.

**Motivation to Start in Business**

Sean basically decided to go into business because the opportunity arose, he had the interest in the business and the relevant experience which was necessary for such a specialised business. A combination of "push" and "pull" factors contributed to Sean starting in business.

Push factors can be classified as decrease in satisfaction with his existing job, which resulted in evaluating alternative options for career development.

The pull factors were perhaps more prominent and influential. These factors included:

- the opportunity to avail of a redundancy package in his existing firm
- availability of an appropriate opportunity (buy out)
- a challenge existed in entering a new field and job
- personal satisfaction and a sense of achievement are also important for this individual
- the perceived financial benefits were also viewed as important.

The combination of these factors encouraged Sean to start in business.
The management structure of the organisation is well defined and provides a logical reporting system. As with the other firms close control is maintained by the owner/manager who is the eventual decision maker. Mr Gardiner can also be classed as a technocentric manager who understands the necessity to have business as well as technical knowledge.

**Key Environmental Influences**

The company is involved in the pharmaceutical industry which is competitive and dictated by very high quality and safety standards. The experience as a pharmacists cautioned Mr Gardiner to this, resulting in a very stringent quality control and testing department in operation in the company. The quality manager in the firm needs to be up to date and implement the various new EC standards etc. which determine the overall performance and competitiveness of the firm.
Ovelle supply both branded and generic products mainly to the domestic market. Due to the fluctuations and the changing demands of those markets, new product development is a constant process in the firm. The company has a variety of products which exist at the various stages of the product life cycle, presently the majority of products are in the late introductory/growth stages which provides the company with a balanced portfolio of products.

Competition is also a critical element that is constantly monitored and evaluated by the marketing department of the company. This provides feedback to the firm which forms the basis of an action plan.

**Attitude to Management Development**

Mr Gardiner indicated that his attitude to management development programmes in the early stages of company development was one of indifference, and did not consider them essential. However, he indicated that once he had started in business, his attitude changed to a very positive one, as he realised his weaknesses. Management development provided him with guidance and direction in the management of his company.

**Management Development Programmes Undertaken**

Mr Gardiner did not undertake any management development programmes prior to starting in business. He could be categorised as the more
typical entrepreneur who emerged from "own expertise" background, which in this instance was pharmacy.

However, it is interesting to note that his immediate management staff are highly qualified and would have undertaken a number of programmes before starting with Ovelle. This was a positive and conscious move when recruiting individuals as a good management team will assist the owner/manager greatly.

Mr Gardiner after starting in business indicated he realised his area of weakness was in general management and its application to the business. Realising his needs he approached both state bodies, e.g. IDA, and contacts i.e. other business people to recommend a suitable management development programme. Mr Gardiner falls into the proactive category of owner/manager who seek out management development programmes to overcome their weaknesses.

As a result Mr Gardiner similar to the majority of respondents registered for the Business Development Programme run by the IMI. At later stages of the firm development he undertook the Advanced Business Development programme and later the Executive Development Programme which were both organised by the IMI.

Mr Gardiners level of satisfaction with these programmes was very high. He commented that the programmes accommodated his specific requirements which was the primary benefit.
He was also very impressed with the practical element of the programme which encouraged them "to think on their feet". This developed his confidence and decision making abilities. The in-company counselling also provided many benefits as it forced him to observe their own firm on an objective basis, it also assisted him in implementing some of the learning experiences from the programme.

The one negative comment on the programme is that they tended to be too long and required long term commitment from a small firm manager which is difficult to provide. He also indicated that the programmes were also very expensive, which resulted in companies not participating in these programmes very frequently.

Mr Gardiner encourages development throughout the organisation encouraging staff at all levels to participate in developmental programmes.

**Training and Development Plan/Budget**

Similar to other organisations surveyed Ovelle does not have a specific training and development plan or budget in operation. However, employees and managers are encouraged to come forward if they are interested in participating on programmes. Employees and managers needs are also reviewed formally on a yearly basis.

**Benefits Obtained from Participating in the Programmes**

Sean was very positive about the programmes undertaken and felt the details learned were transferred to the firm.
The benefits obtained included:

- understanding the basic business functions and how they should be managed
- it forced him to sit back and take an objective viewpoint of the company, to highlight the problem areas
- it helped him understand the basic aspects of finance which had been a problem
- it helped the manager plan and therefore create a focus for the company.
- it also helped him develop personally, providing him with improved communication and negotiating skills.

Overall, it helped him realise the importance of the non-technical side of the business and then how to integrate these two areas.

**General Comments**

Sean started in business later in life than the other managers. He considered the experience gained as very important as it provided him with a good base for the business. His previous experience had allowed him to gain an insight into what is involved in managing a business. He believed this experience is very important for anybody considering setting up in business. He indicated that it was more important and relevant than education programmes.
Mr Gardiner was quite satisfied with the variety and structure of management development programmes available for the small firms. Completion of programmes results in more efficient use of time, money and staff. It also teaches the manager to plan and make decisions more effectively. He concluded that ideally he should have undertaken some form of management programme before or in the very early stages of start up as it would have provided him with a more realistic picture of what owning and managing a business is about. It would also have resulted in less mistakes being made in the earlier stages which often stunt the growth and affect the image of the business.

6.5 KEY ISSUES EMERGING FROM THE CASE STUDIES

This section will provide a resume of the pertinent points arising from analysis of the case studies. It can be certainly stated at this stage that the empirical research is consistent with the findings of the literature review undertaken, and can fit in with the ideas developed in the model. The research also helped in developing the hypothesis that managers that become involved in management development in the early stages of company development are more efficient and effective.

The pertinent points arising from the empirical research are as follows:
The entrepreneurial profile of the respondents were similar, where they all emerged from non-entrepreneurial backgrounds. The main characteristics displayed by the respondents include:
- decisiveness and the ability to stand by decisions made
- confidence, in themselves and their product/service
- resourcefullness/preserveness
- willing to take a certain level of risk
- enjoy a challenge

Respondents were unanimous in their belief that there was no one specific characteristic/trait that distinguishes an entrepreneur from other individuals. However, they indicated that it was important to have a combination of the above characteristics. Generally, it was felt that entrepreneurs develop through experience.

The actual decision to start in business (pre career stage) took various lengths of time. A pattern occurred where younger managers, with less commitment and who had third level education took a shorter time to decide to "go it alone" as opposed to others who did not hold these criteria. This was consistent with the literature findings previously discussed.
Respondents were divided in their attitude as to the importance and influence of education in the start-up process. Generally it was considered that third level education programmes on their own were insufficient in developing owner/managers. These programmes need to be accompanied by relevant experience. This would conflict with some of the literature which indicates that education is an important encouraging factor when deciding to set up in business and contributes to developing a more rounded knowledgeable individual.

The companies existed at various stages of company development. Those existing at the more developed stages tended to have undertaken more extensive management development programmes. These companies have established themselves in the market and are more structured in terms of management teams, planning, etc.

The skill base of all respondents was in the technical non-business areas. The technical expertise lead to the ideas for their business but respondents indicated that lack of general management experience, or knowledge was a disadvantage. This was especially true in the early stages of company formation and development when a very high and diverse workload is given to the manager. This finding is consistent with the literature and would hold generally across the small firm sector. Individuals tend to start in business in an area they have developed expertise and knowledge, and where they are confident about their
ability to produce a certain, product or service. Unfortunately, these individuals tend to be too focused and do not realise, until it is often too late of the need for a balanced approach to business which involves understanding the broad management functions.

Respondents were motivated to start in business due mainly to pull factors. These included the influence of role models, the availability of an opportunity or the need for a challenge. The majority of individuals made a conscious decision to leave their existing professions to start their own business. The impact of the role model in influencing business start up’s is given increasing exposure by the literature, and is an area that should perhaps be given further study. The individual who started in business as a result of push factors, occurred due to dissatisfaction with existing job, as there was no room for progression. These push and pull factors are consistent with the findings of the literature review.

Two of the respondents have third level qualifications which were in non-business and specialised areas, i.e. engineering and science. One individual had a Diploma in Management. The remaining respondent did not participate in third level educational programmes. Respondents who had third level qualifications were more open and aware of the various management development programmes available. They were proactive and
sought out programmes to help them perform better. The other participant can be classified as reactive and tended to be "pushed" into taking the programmes. He saw the opportunity cost of participating in management development programmes as high.

This would represent the typical owner/manager as outlined in the literature review. They fail to perceive the benefits associated with management development programmes or are hesitant to admit their weaknesses. They justify this by spending the money on more tangible items which are deemed "necessary" for the business.

None of the respondents had previous direct management experience, however, two managers were involved in a position where they were able to obtain an insight into the management practices of their employers. Managers emerged from specific expertise backgrounds. Respondents considered this a disadvantage as they were totally unaware of the responsibilities of a manager and the duties involved. They indicated that management experience would have prevented some costly mistakes occurring in the early stages of development.
The majority of managers interviewed did not participate in management development programmes prior to starting in business. Indeed only one manager was involved in any type of programme relevant to managing a small firm. It is felt that this would be typical and very representative of the small firm sector in general. It is also in keeping with the findings of the literature review.

The interest and level of participation in management development programmes will tend to vary by industry sectors. It would appear from the case studies and from assessment of programmes in general that sectors such as pharmaceutical and service industries are more receptive to these type of programmes. The more traditional light engineering industries do not get involved in programmes until they are forced upon them. This trend lends itself to the larger firms sector where the former companies spend more on training and development.

Owner/managers tend to participate on management development programmes on a reactive or forced basis. Some respondents were encouraged by their project officers, fellow owner/manager, or forced by problems in the company to take some course of action. Again, this is in keeping with the findings of the literature.

All respondents were positive about the benefits of the programme. The benefits can be divided into two categories namely: personal and professional.
Personal benefits include, developing self-confidence, negotiating and selling skills, improving the presentation skills of the individual. Also due to the level of interaction between participants on the various programmes, individuals learned from each other. This informal unstructured learning was viewed as very important.

Professional resulted from the developing their knowledge for the following areas:

- decision making
- planning, understanding the importance of planning and how to plan
- finance - understanding the various sources of finance, how read financial statements, understanding cash flows etc. deciding on the best method of pricing etc.
- marketing/sales - understanding the importance of marketing, how to develop a marketing plan, developing selling skills, customer services, etc.
- production - evaluating production processes, how to improve quality, etc.
- the importance of employees, developing interpersonal skills.

Overall the programmes provided managers with the knowledge of how to understand and manage the various functions of the business more effectively and efficiently. They thought managers how to be proactive as opposed to reactive.
All managers were positive about the need to take on skilled staff and to ensure that employees are trained sufficiently to perform their tasks and are motivated to stay with the company. Managers who had undertaken previous programmes made it a stipulation from the early stages to employ individuals who have some form of programme, the remaining managers saw the need and benefits of employing skilled staff only after they had undertaken development programmes and understood the benefits.

Environmental factors such as competition, technology, changes in market demands were reasons which influenced individuals to undertake management development programmes. These factors generally caused problems in the firm, with which the manager was unable to deal with. Participation in management development was viewed as a method for assisting them in this area. It can be said that these environmental factors pushed managers into undertaking development programmes.

After completion of management development programmes, managers perceive the need for further development, not only for themselves but also for their employees. Most managers interviewed had or were putting together a training and development plan for their company. They indicated that they encouraged employees at all levels to suggest programmes they considered suitable. Two companies evaluate each staff member's training and development needs on a yearly basis. This is a very encouraging and positive result. Managers realise that
having trained motivated staff improves the efficiency of the firm and relieves the burden of the owner/manager.

As can be viewed from the literature review and has been enforced by the empirical studies, owner/managers have unique requirements in terms of management development. Managers due to the time constraints imposed upon them by their jobs, are not willing to participate in programmes scheduled during their busy day. Managers have a preference for a flexible approach to learning. This results for the need for programmes to be scheduled in the evenings or over weekends, where managers are freer to attend. The introduction of open learning should be considered for this target market, as it would allow the managers to learn at their own convenience and still have at their disposal the advice of tutors.

Owner-managers prefer a practical approach to learning, and tend to shy away from the academic approach which may be sometimes used. Managers indicated that they preferred a combination of external plus in-company counselling as a method of delivery of programmes. In-company counselling was viewed as very important as it provides the manager with objective advice and consultancy which is specifically relevant to their firm.

For the external programmes, managers have clearly shown a preference for a practical approach which includes videos, role playing, case study analysis and discussion. The facility for informal learning is
also important as it allows the managers to learn from each other. These comments provide valuable feedback to programme designers on what is required by this target market.

- The facilitator style was also viewed as a very important factor in the success or otherwise of the programme. The facilitators are core elements of programme delivery. It is imperative that the instructor understands and has empathy with the various owner/managers. It is also important that a trusting relationship exists between both parties, this will encourage the owner/manager to be more participative in the programme resulting in improved learning.

The participants were very favourable towards the Business Development Programme which is administered by the Irish Management Institute. It's structure is flexible and provides both external learning combined with in-company counselling. One area of concern of the programme was its length, managers felt that it required a very high and long-term commitment from the owner/manager which is not always possible.

The final area or limitation voiced by the owner/managers, was the high cost of these programmes. As the managers indicated finance is a scarce resource in the organisation. Managers especially in the early stages of development, have very high demands on these limited finances. Managers at this stage do not consider management development a sufficiently important factor to invest money in. Money is usually spent in areas where the return is immediate and more
Some of the companies were unaware of the subsidies available from state bodies, i.e. FAS, for participation on programmes.

From the above results it is possible to identify a number of relationships that can form the basis for further research. The topics suggested are as follows:

1. the relationship between the manager style, participation in management development and the type of programmes preferred.

2. the connection between the attitude of owner/managers to management development and the level undertaken.

3. the relationship between the stage of company development and the level of management development undertaken.

4. The relationship between managers who have completed third level qualifications and attitudes towards management development.

5. The relationship between owner/managers with previous management experience and their perception of the value of management development.

7. The relationship between the sector of industry and the degree and type of management development undertaken.

8. The relationship between the structure and design of management development programmes and the level of participation.

Further research should attempt to examine these relationships as it will provide more detail and an improved understanding of the complex topic of management development and the owner/manager.
CHAPTER SEVEN

CONCLUSIONS AND DISCUSSION
7.0 INTRODUCTION

The primary objective of this study was to examine the role and application of management development in the small firm. This chapter will synopise the findings of the literature review and the various case studies undertaken which will highlight the level of application of management development in the small firm, the reasons for this level and suggestions to improve on it.

7.1 LITERATURE REVIEW

Individuals are increasingly viewing entrepreneurship as a viable career option resulting from encouragement from a number of push and pull factors. The small business manager is no longer viewed as "a breed apart" Gasse (1987) but can exist in all walks of life and can display their entrepreneurial mixes to different degrees Gibb (1984). The role of education is viewed as increasingly important in encouraging entrepreneurship and in the development of the small business. This was reinforced by the findings of the empirical research where the owner/manager emerged from different backgrounds, education levels, etc.

The infrastructure for small firm development in Ireland has improved considerably. The small firm is now viewed as an important contributor to creating employment and to the economy in general.
Despite the above positive aspects of small firm creation and development, a very high failure rate exists. This is especially true in the early stages of development, within the first two years. Results from empirical research also highlighted this as managers indicated that most problems occur in the first two years, at which stage the manager does not often have the skills to rectify them. This problem poses a major challenge for both state bodies, educational and commercial institutions who deal either directly or indirectly with the small firm.

Evaluation of the most prominent reasons for failure must be undertaken and understood. This then allows the relevant organisations to devise programmes to assist owner/managers prevent failure. When evaluating failure it is obviously very important to take into consideration the impact of external environmental factors on the performance of the company.

Research has indicated that one of the main reasons for failure is general management incompetence, or related areas.

This highlights the need for owner/managers to undertake management development programmes at early stages of company progression. This has been the definite conclusion from evaluation of an extensive literature review and from the empirical research undertaken.

Participation in management development is critical for owner/managers as many emerge from own expertise background, which is usually not in business or general management. Many owner
Managers are solely product oriented and fail to manage or coordinate properly the other activities of the business i.e. manage scarce financial resources, inability to undertake marketing or new product development etc.

Management development is repeatedly cited as an effective way of providing small businesses with the management expertise they require, Peterson (1983).

Research would indicate that education and development of the small business sector is under-resourced, (Curran and Stanworth (1989), Gill (1985), Gibb (1984)). This would be similarly perceived in the Irish context as has been indicated by the Galvin report in 1988.

A firm's environment can act in two ways as a stimulus for encouraging decision makers to participate in management development. Firms can deliberately search for such programs to upgrade skills and improve performance on an ongoing basis. Alternatively, the search for training and development can be a response to skill deficiencies revealed by competitive pressures. The former type of firm can be called dynamic, while the latter can be considered reactive Reid (1984). Both categories of manager were exposed in the case study research, eg. Ovelle being proactive as opposed to Smithstown Engineering who would be reactive.

Although a variety of factors can create interest in training and development programs, the availability of time dictates whether
owner/managers will participate.

7.2 SUMMARY OF EMPIRICAL RESEARCH FINDINGS

Results emerging from the empirical data would suggest that programmes for existing small firm managers should be organised in modules or discrete blocks (e.g. nine days spread over a four month period, once a week over a certain period of time, as one or two day workshops). That type of modular structure is favoured in particular in response to the fact that owner managers are generally very pressed for time and unwilling/unable to spend long periods away from their firms for development purposes.

A general consensus would appear that existing programmes are too expensive. Managers prefer and do spend this money on other more necessary aspects of the business. Managers mentioned that some form of subsidy should be provided to assist in payment of these programmes. However some firms were not aware of the very attractive subsidies offered by FAS for training and development programmes.

Training and development may sometimes be viewed as a luxury or "necessary evil" by the owner/manager. In addition, few managers have the time to become personally involved in such labour-intensive activities, Mintzberg (1973), as they do not see the direct benefits which can be gained from these efforts. It is the case, as can be deduced from the case studies, owner/managers overlook or avoid this area because they do not have a clear model for making decisions about whether or not training and development activities will lead to a competitive advantage, O'Neill and Ducker (1986).
This is a very important factor, as the small firm needs to develop a competitive advantage to establish, maintain and improve their overall market position. Unfortunately owner/managers cannot relate completion of management development programmes as a potential source of competitive advantage.

Managers also complained that programmes are rarely relevant to their specific business environment. Wojahn (1986) highlights a criticism that programmes teach "tools" rather than "practical advice" or "analytical smarts", indicating that most programmes are suited to big business.

Respondents emphasised that critical to the success of programmes are the teaching methods used. Particularly frequently mentioned by owner/managers was the need for the following:

- A practical focus: focus on business problems or opportunities rather than on the conventional and traditional subject areas. They wish to learn the theory through practical examples which they can identify with and learn from.

- A mixture of cases, theory and linkage to the specific problems of the participants;

- An atmosphere that would encourage participants to gain confidence, develop communication skills and allow them to get to know each other. This informal learning is viewed
as a critical component of any programme.

- Where possible, an integration of training and counselling, with the use of methods such as videos, role playing, case studies, problem solving.

- Structure: a flexible structure is required to facilitate the time constraints of the owner. This requires evening and/or weekend sessions.

But even with well designed programmes, the owner/manager is not an easy participant to attract. Indeed, 'Getting owner managers to courses is reminiscent of selling refrigerators to the Eskimos, or shoes to the Africans', Gibb (1983). There is no doubt that there are some challenges to be overcome when developing and marketing programmes for existing small firm managers particularly if no subsidy exists from government, or state bodies etc. While some comparatively expensive courses may succeed, this would not appear to be the norm.

The following are some of the challenges facing programme providers:

- **Reaching the Client**
Potential clients are both difficult and costly to reach. It is difficult to reach them through the telephone and when reached they have limited time to talk with you.

- **Promotion**
As a result of the above, a wide variety of promotional tools are needed including: direct mail; newspapers; TV and radio; state bodies; chambers of commerce, banks, and other professional referral systems; small firm networks; seminars; word of mouth and referrals from previous participants and small firm visits. In short: 'use as many channels as possible'.

- Demand

As already mentioned, most small business entrepreneurs are not motivated towards development nor do they attach a very high premium to attending courses particularly if theoretical in content. For instance, small business owner/managers not surprisingly attach far more importance to experience than qualifications (although there appeared to be a correlation between size and sector and the importance attached to diplomas - the larger the size, the greater the importance, with the service sector attaching a somewhat greater importance to diplomas than their industrial and commercial counterparts - i.e. (BHP Laboratories). Nonetheless, the same small business owner/managers affirmed that they looked systematically for continuing education opportunities for themselves and their staff, particularly in financial management, marketing, sales techniques, personnel and production management.

- Scheduling

As already indicated, the owner/manager prefers courses which are scheduled not to conflict too much with their working day. As a result, programmes are frequently scheduled in the evenings, or on Fridays and Saturdays, times which may well conflict with the preferences of the staff
teaching the courses. This scheduling has been implemented successfully by the IMI and the Marketing Centre for Small Business, when organising their programmes.

- **Teaching Skills**

Again as already indicated, a down to earth, practical, non academic approach is required in teaching small firm courses, not always evident in universities and business schools. There is a need to use a variety of methods which are interactive and encourage participation by managers, eg. case studies, presentations etc.

- **Image**

The question of the 'image' of the organisation running the course is also important. Universities, for instance, are frequently seen as too academic by managers: for them, academics are to be avoided 'like the plague'. Other business schools/management centres are seen as too up-market, catering to big business needs, but lacking credibility and expertise in the small business sector. Nonetheless, as UK business schools like Durham, Manchester and London and centres like IFL, the Swedish Institute of Management (which has been running six programmes a year for small businessmen for several years now) have shown, it can be done. The University of Limerick, through the Marketing Centre is joining the ranks of these colleges in promoting programmes for the small firm sector.

The overall relationship between the trainer and the owner/manager is critical for successful course completion by both parties. The trainer
must not view the programme merely as a task to be completed as quickly as possible. Development programme size should be confined to a maximum of 10 participants, as it facilitates group cohesion, allows interaction and learning in a more relaxed basis.

It is also important that each manager is treated individually, taking into consideration their specific problems and requirements. To do this the trainer should understand the organisation culture and its impact on the behaviour of the manager and the performance of the company.

7.3 THE MANAGEMENT DEVELOPMENT PROCESS MODEL REVISITED

Analysis of the literature lead the author to propose an outlined model for the application of management development in the owner/managed firm. This model was then tested on the empirical studies undertaken. Results from the research would indicate that future areas should be considered and included in the model for more successful application. These topics were comments, mentioned by the various owner managers, which they considered were important and relevant.

The topics for inclusion are as follows:

- Whether the owner/manager is involved in a first or second generation business should be examined. The level of involvement of the present manager in the first generation of the business, their position in the business, the status of the business when taken over by this manager. These factors will affect the level of
knowledge and experience, which in turn will affect their management requirements.

- The level of intervention if any, and the influence of semi-state organisations in owner-managed firms. The relationship between the manager and the state body should be examined to determine their influence on the owner-managers decision to undertake management development programmes. This is an important area as it will highlight the role of the state body in the owner-managed firms.

- Increased details on the various environmental variables should be obtained to determine their impact upon the firm and in turn their influence on their decision to undertake management development programmes. Each of the environmental variables should be isolated and examined in detail.

- Increased detail should be obtained on the methods of management development for the small firm. Other methods to improve the skills and inductive/discovery traits of the individual need to be evaluated and suggest where improvements can be made.

- The sector of industry and its specific characteristics should be highlighted and examined to provide an insight into the requirements of the different sectors and how these requirements can be best satisfied.
These points when included in the model will provide a more relevant model, which in turn will result in an improved understanding of the small firm, its attitude to management development, its level of participation in the various programmes and the benefits obtained. An updated version of the model can be viewed in Table 14.0.
### Antecedent Factors

**Entrepreneurial Characteristics**
- Age of entrepreneur
- Personality characteristics
- Motivation for starting in business
- Skills base of entrepreneur
- Previous development undertaken
- Learning style

**Company Characteristics**
- Stage of development of the firm
- No. of employees
- Management structure
- Type of production process
  - State body intervention
  - First or second generation business
  - Sector or industry

**External Factors**
- Level of competition
- Advances in technology/quality
- Demands from suppliers
- EC Influences

### Management Development Intervention

**Skills/Knowledge Required:**
1. Managerial
2. Administrative
3. Interpersonal
4. Technical

**Sources of Management Development**
- Internal
- External

**Methods and Delivery of Management Development**
- Formal
- Coaching
- Counselling
- Open Learning
- Seminars/workshops
- Problem Solving Sessions
  - Increased knowledge on these methods

**Cost and Time Investment**
- Cost commitment of management
- Time available to attend programme

### Outcomes/Benefits

**Outcomes/Benefits**
- Personal development
- Increased confidence
- Improved decision-making
- Effective management of change
- Ability to coordinate the various functions of the business
- Ability to evaluate the environmental factors
- Ability to be innovative
- Development of interpersonal skills
- Ability to be proactive as opposed to reactive
- Increased knowledge and application of:
  - Marketing/sales skills
  - Production procedures/quality
  - Financial resources
- Management of time
- Market demands
- More specific measurement of these factors

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**Figure 14.0** The Revised Process Model of Management Development for the Small Firm
7.4 LIMITATIONS ASSOCIATED WITH THE RESEARCH

In undertaking this research the author was bounded by a number of limitations in both the literature review and in the empirical studies. The limitations are as follows:

**Literature Review**

- Increased difficulties were encountered when trying to obtain updated information on the Irish small firm, its characteristics, etc.

- This problem escalated when trying to obtain information specifically on management development and the Irish small firm.

- Much of the literature reviewed tended to concentrate on general applications, and did not differentiate between large and small firms.

**Empirical Research**

- Difficulty in sourcing owner/managers who were willing to participate in interviews.

- Problems were sometimes encountered in obtaining certain information which was perceived as sensitive by the managers, eg. financial data, expenditure on training, etc.
Objectivity of the information. Each interview has to be treated carefully to allow for the level of subjectivity provided by the owner/manager. Owner managers would tend to be positive about their circumstances and perhaps unrealistically provide this information. Therefore it is important to consider these limitations in the research.

7.5 DEVELOPMENT OF HYPOTHESES

This thesis has examined the topic of management development and its application in the small firm in detail. This has been achieved through an extensive literature review and analysis of empirical research, which consisted of interviews with four owner/managers. This provided the author with a set of questions which can be developed into a number of hypotheses which can form the basis of further study.

1. Owner/managers who invest in management development in the early stages of company development are more effective and efficient in areas such as planning, decision making, etc.

2. Owner/managers would invest in management development programmes more frequently if structured on a flexible distance learning basis, constituting interactive learning and in company counselling.

3. Owner/managers are more likely to participate in management
development if all or at least 50% of the cost was subsidised or borne by a sponsoring body, eg. IDA, SFADCO.

4. Owner/managers who have obtained third level qualifications are more proactive in participating in management development programmes as opposed to those who have not a third level qualification and tend to be reactive and negative towards management development.

5. Owner/managers who have previously obtained some form of management experience are more willing to participate in, and perceive the benefits of management development than owner/managers with no previous management experience.

6. Owner/managers are more likely to undertake management development programmes at earlier stages of development of their company if they have previous third level qualifications.

7. Owner/managers in the service sector are more likely to undertake management development programmes than other sectors such as engineering.

8. Owner/managers who undertake management development programmes are more likely to implement training and development for their employees.

9. The impact of environmental factors force owner/managers to
participate in management development programmes.

10. Younger owner/managers are more likely to invest in management development at earlier stages of company development as opposed to older managers.

These hypothesis have emerged from the exploratory research undertaken. Research into examining these hypotheses will prove useful for obtaining an improved understanding of management development in the owner managed firm. This research will compensate the lack of information and research on this topic. This thesis can be used as a basepoint for further research.

7.6 AREAS OF FURTHER RESEARCH

As outlined initially, this study was exploratory in nature, providing an introduction and an understanding of the complex subject of management development and its application in the small firm. However during the course of the study a number of areas emerged which warrant further study as they would provide an important contribution to the topic under review.

The areas considered by the author worthy of further research are as follows:

- Further examination of the relationship between certain owner/manager characteristics and the level of participation in management development eg.
  - previous educational qualification and participation
in management development
- previous management experience and participation in management development
- the age of the owner/manager and participation in management development.

- The sector of industry and level of participation in management development, a comparison between different sectors.
- The role of state agencies in encouraging owner/managers to participate in management development.
- The influence the structure of the programme has on the level of participation by the owner/manager.
- Research into the supply side of management development to unearth the viability and problems of providing management development for the owner/manager and suggestions to overcome these problems.
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REFERENCES


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APPENDICES
APPENDIX 1
A SAMPLE OF THE MANAGEMENT DEVELOPMENT PROGRAMMES AVAILABLE FOR THE SMALL FIRM

The following section provides a summary of the findings of the research.

Programme Title: Mentor Programme

Programme Organiser: The Industrial Development Authority

Programme Objectives: To provide experienced advisors in areas such as General Management, Financial Structuring, Production Planning, Marketing and Distribution, Corporate Organisation and Strategic Planning.

Programme Duration: A company is entitled to ten days counselling by one or a number of mentors.

Programme Content: General Management, Finance, Production, Marketing, Distribution, Corporate Organisation and Strategic Planning.
The programme content varies depending on the specific requirements of the individual company.

Cost of Programme:

Programme Title: Management Development - removing the barriers to growth.

Programme Organiser: Industrial Development Authority

Programme Objectives: To help managers manage their businesses better, and overcome the barriers to growth.

It assists managers to design and install appropriate management information systems
o build building planning competence
o assisting in the recruitment of specialist business skills.

Programme Duration: Decided between client and IDA. It involves a series of half day sessions, in company over a specific period.
Programme Content: The content is divided into four modules.

Module 1 Setting up records and Information Systems
Module 2 Developing a Business Plan
Module 3 Developing a Strategic Plan
Module 4 Strengthening the Management Team

Cost of Programme: For modules 1 and 2 the cost per module is up to £2,000, of which the participant pays 10% of the cost £200.
Module 3 costs £400 or 10% of £4,000.
And for Module 4, the IDA will make a financial contribution (up to 50%) towards salary cost.

Programme Title: Business Development Programme for Small Businesses

Programme Organiser: Irish Management Institute IMI

Programme Objectives: To increase participants’ ability to develop their business by focusing on the practical challenges and opportunities that they face.
This highly-successful programme, which is sponsored by a number of companies and development agencies, is now being run under licence from the IMI in seven European countries.
Programme Duration: (18 months - 2 days residential workshop and 1 day in company counselling each month).

Programme Content:
- How to make a realistic assessment of both yourself and your company
- How to identify practical and profitable ways to expand your business
- How to find new customers and new markets, and develop new products
- How to draw up comprehensive development plans for your business in the areas of finance, production, personnel and marketing
- How to improve efficiency.

Cost of Programme: To be decided
Due to the success of the "Europe Bound - Doing Business in the European Single Market" programme, which was run in April/May of this year, the University of Limerick is re-offering the programme in September 1992. With completion of the European internal market a near reality, this provides an ideal opportunity for firms to re-evaluate their market prospects and business strategies.

This programme, specially developed in conjunction with the EC Commission to meet the needs of Small to Medium-sized Enterprises, will:

- assist you to understand the changes that are occurring in the market and how they will impact on your business,
- assist you in devising new strategies and becoming more competitive, both at home and in the European markets, post-"1992",
- forecast trends in overseas and domestic markets, and show you how to successfully develop your business through strategic positioning.

Each participant will receive a personal copy of a unique multimedia pack based on the TV series, "1992 - The European Challenge", broadcast on both RTE and BBC. Developed at the University of Limerick under the EC COMETT Programme, this pack will enable each participant to draw up action plans for post-"1992" which will take account of the opportunities and threats that completion of the internal market will bring.

The programme starts in September 1992, and will involve on-the-job consultancy and group training. Details of the programme content and proposed schedule are attached. As there will be a limited number of places, early registration on the enclosed form is advisable.

To facilitate maximum participation in this important programme and to ensure that the benefits can be shared "within firm" by managers like you, we will accept two persons from each firm with a highly discounted rate for the second attendee from your enterprise. If you are planning to be "Europe Bound" we look forward to your participation in our programme.

Yours sincerely

Barra O Cinneide
Director, Marketing Centre
"Europe Bound" (cont’d)

The package contains videos of the seven half-hour programmes broadcast on BBC and RTE, under the series title "1992-The European Challenge":

Programme 1 - "Level Playing Fields"                      Programme 5 - "The Long Haul"
Programme 2 - "Making a European Product"                  Programme 6 - "A Good Distribution"
Programme 3 - "Finding the Market Place"                    Programme 7 - "The Information Game"
Programme 4 - "Marketing the Goods"

The videos illustrate through practical examples how Irish firms can plan for business threats and take advantage of the opportunities that the European single market brings. The book of the series, which is also included, provides interesting background information on specific business, cultural and environmental characteristics of the main European markets.

The management package contains two texts - "Maximising Marketing Effectiveness" and "Marketing for the Small Business in Ireland" - which provide practical approaches for you to develop your own specific marketing strategies. "The Case for Irish Enterprise", containing fifteen case studies on special features of selected Irish businesses, written by Barra O’Cinneide, who developed the television series, is also included.

A special Programme Guide has been produced to integrate the multimedia components and to guide your firm in developing strategic plans for your enterprises with the European Internal Market as the background scenario. In addition to completing special topic assignments, your firm will be encouraged to submit its business analysis and plans to the Marketing Centre and to receive feedback on the strategies developed.

The programme will be available to a limited number of participating firms. The price is £350 for the first attendee from the firm and is only £250 for the second participant from the same firm.

To register, please contact:

Paul Sweeney, Project Manager
Marketing Centre
University of Limerick
Castletroy
Limerick

Phone: (061) 333644 Ext. 2315 or 2161
Fax: (061) 338171
"EUROPE BOUND" - DOING BUSINESS IN THE EUROPEAN SINGLE MARKET

As you are aware, 1993 will see the emergence of a single European market. This will create opportunities for firms such as yours by allowing better access to new markets and new customers. It will also pose challenges. Understanding the implications of impending changes and how to redefine strategies to become more competitive and sell more in this new market place is critical to the survival and success of every Irish firm.

This is where our programme can help. It provides firms like yours with good information and the opportunity to assess future business options in the context of corporate resources and changes in market environments. While the topics covered deal with overall business management, they are principally concerned with market analysis and planning for the threats and opportunities of 1993 and beyond, at home and abroad, from a marketing perspective.

The programme will address the following very important subject areas:

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<tr>
<th>Module 1</th>
<th>European Single Market</th>
<th>Information on the single market and the various measures which will directly affect businesses.</th>
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<td>Module 2</td>
<td>Marketing</td>
<td>Evaluation of the anticipated market environment.</td>
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<td>Module 3</td>
<td>Technology &amp; Standards</td>
<td>Analysis of technology requirements, and impending standardisation in the 1990s.</td>
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<td>Module 4</td>
<td>Finance</td>
<td>Implications of the Internal Market for business financing, both at home and abroad.</td>
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<td>Module 5</td>
<td>Human Resources</td>
<td>Evaluation and analysis of new procedures and legal requirements that will occur, with free movement of labour.</td>
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<td>Module 6</td>
<td>Overall Strategy</td>
<td>Assimilation of information from all the above modules. Planning for functional areas will be included in an overall formulation of corporate strategy. The outcome will provide each participant with a blueprint for devising a company action plan.</td>
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The programme will make full use of audio-visual learning materials. There will be access to the University's computer and data-base facilities to assist participants in developing their own firms' action plans.

As part of the complete programme, participants will get personal copies of the University of Limerick's strategic management package, "1992-The European Challenge", which will provide firms with the opportunity of assessing their future business options in the context of corporate resources and likely changes in market environments. The package deals with a wide range of topics in terms of overall business management, but is principally concerned with market analysis and planning for 1993 and beyond.
"EUROPE BOUND": DOING BUSINESS IN THE EUROPEAN SINGLE MARKET

REGISTRATION FORM

COMPANY: ________________________________________________

ADDRESS: ________________________________________________

________________________________________________________

________________________________________________________

TELEPHONE: ________________________________________________

FAX: _____________________________________________________

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PROGRAMME FEE: £350 for one participant
£600 for two participants

METHOD OF PAYMENT: CHEQUE _____________________________
(Made payable to Marketing Centre)

Please return to: Paul Sweeney
Marketing Centre
University of Limerick
Plassey Technological Park
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APPENDIX 2.
OUTLINE OF QUESTIONNAIRE USED FOR CASE STUDY RESEARCH.

Outline of questions used during the case study interviews. These questions were used as discussion points which guided the case study interview:

Company Profile

- length of time the company is in existence
- product/service range provided
- industry sector
- growth stage of the firm
- management structure of the firm
- number of employees

Owner/Manager Profile

- age of entrepreneur
- the personal characteristics of the founder
- motivation and reasons for starting in business
- skill base of the founder
- previous work experience of the founder
- attitude to management development
- participation in management development pre and post starting in business
- type, structure, content of management development programmes undertaken
- level of satisfaction with these programmes
- perceived benefits obtained from these programmes
- general comments, and suggestions for programme design and development

Environmental Factors
what are the main environmental factors that impact on the firms' behaviour

to what degree these factors have influenced the behaviour of the firm generally, and in the specific context of management development

Management Development Programmes Undertaken

the type, structure, source, content of programmes undertaken

what is the level of participation in management development programmes

general comments and suggestions for programme style, structure, content, etc.