



The Influence of Entrepreneurial Leadership on  
Factors Affecting SME Growth in Supply Chains:  
The Case of Oman

**Thesis submitted for the degree of Doctor of Philosophy by**

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**2018**

## ACKNOWLEDGEMENT

I would like to thank Almighty God for giving me the guidance to pursue my studies.

My thanks go to Dr Sarmad N AlShawi, my supervisor for providing the guidance and motivation to press deeper into my research and motivating me all the time.

I would like to thank the Brunel University and my sponsors in Oman for the support they have extended to make this journey enjoyable.

Last, but not the least, I would like to thank my family for the understanding they have exhibited, and this has been a constant source of motivation.

## Declaration

I hereby declare that the thesis is based on my original work, except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Brunel University or other institutions.

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## **Abstract**

This thesis explores in depth the factors influencing growth in small and medium enterprises (SMEs) from a supply chain perspective and examines how entrepreneurship affects them in Omani SMEs. The study is undertaken in order to complement the scarce literature on SMEs related to supply chains and improve the understanding of what factors are crucial in determining growth in them. The research is focused on the role of entrepreneurial qualities and behaviours for the growth of SMEs in developing countries, as their economies are more dependent on smaller companies. The context of this research is within Oman, which represents a typical developing economy containing a large number of active SMEs.

The main factors for SMEs growth are identified through a literature review of past and contemporary research studies on supply chain networks, SMEs, growth and entrepreneurship. The factors are divided into areas related to the positions of the company (market position of the firm, negotiating power, Supply chain relationships and firm's image), and to SMEs' value-adding capabilities (cost optimisation, and innovations). The review also reveals that the critical entrepreneurial traits are: managers' culture and motivations, strategic thinking, sense for opportunities, risk-taking, continuous learning, their leadership abilities and networking skills. Based on the literature review findings a conceptual framework is proposed.

This research is exploratory and explanatory in nature and relies on a qualitative approach to find out how entrepreneurship relates to growth in SMEs. Primary data is collected from in-depth semi-structured interviews with managers in 25 Omani SMEs from various industrial and service sectors

representing different supply chain positions. The data is processed through content analysis using the factors identified from the literature review as initial themes.

The findings affirm the importance of SMEs' supply chain positions and their value adding capabilities for growth. Furthermore, all elements of entrepreneurship are found to affect growth factors. Results show positive attitude and growth aspirations lead to more proactive market behaviour, while strategic thinking helps managers choose more sustainable market positions. Results indicate leadership improves company costs by increasing employees' motivation and productivity and also facilitates the implementation of innovations. Learning orientation is stated to be crucial for exploring new ideas for innovations, while a good sense for opportunity helps managers evaluate them and choose the right ones. Finally, risk-taking propensity emerges as instrumental in the actual undertaking of innovation projects as it is needed for initiating them.

***Keywords: Small and medium enterprises, Supply chain, Growth, Oman, Entrepreneurship***

# Chapter 1

## 1.0 Introduction

Supply chain management (SCM) is an evolving new area of study that draws ever growing attention from the business world due to its practical nature. A supply chain or logistics network is the system of organizations, people, technology, activities, information and resources involved in moving a product or service from supplier to customer. In the 1980s the term SCM was developed to express the need to integrate the key business processes from end user through original suppliers. SCM is the management of flow of inventory, information, and money between the different members of supply chain (Mentzer et al., 2001). The basic idea behind the SCM is that companies and corporations involve themselves in a supply chain by exchanging information regarding market fluctuations and production capabilities. Organizations increasingly find that they must rely on effective supply chains, or networks, to compete in the global market and networked economy. In Peter Drucker's (1998) new management paradigms, this concept of business relationships extends beyond traditional enterprise boundaries and seeks to organize entire business processes throughout a value chain of multiple companies. In recent decades, globalization, outsourcing, and information technology have enabled many organizations, such as Dell and Hewlett Packard, to successfully operate collaborative supply networks in which each specialized business partner focuses on only a few key strategic activities (Scott, 1993).

The topic of the performance of small and medium enterprises (SMEs) is creating a vast amount of discussion among practitioners, researchers, educators and policy makers. The characteristics and determinants of the performance of SMEs have been and always will be a focus of debate and interest (McKelvie and Wiklund, 2010). Due to the unique constraints and limitations faced by SMEs such as having a limited number of employees, insufficient financial resources, a lack of educational background and experience and a lack of managerial expertise, among other limiting factors (Samad, 2007; Saleh and Ndubisi, 2006), efforts are continuously being made to understand how the performance of SMEs could be developed and further enhanced. These efforts are important since this sector of the economy is recognised as one of the important engines of growth for a country's economy (Abu Kassim and Sulaiman, 2010).

Researchers argued SCM can enhance the strategic development by utilising a holistic management approach (Lambert and Cooper, 2000). Small and medium enterprises (SMEs) are recognised as a considerable force in the development of economies including emerging economies.

These economies appear to depend strongly on the development of SMEs where they constitute as much as 70% of GDP and employment. All this calls for an increased attention to the growth of small companies, especially in underdeveloped areas.

SMEs, by number, dominate the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 95% of enterprises across the world are SMEs, accounting for approximately 60% of

private sector employment (Abor and Quartey, 2010). Japan has the highest proportion of SMEs among the industrialized countries, accounting for more than 99% of total enterprises (EIU 2010). According to its Ministry of Micro, Small and Medium Enterprises, India had 13 million SMEs, which is equivalent to 80% of all the country's businesses (Ghatak, 2015). In South Africa, it is estimated that 91% of the formal business entities are SMEs (Abor and Quartey 2010). Estimated data for the 27 countries in the European Union (the EU-27) for 2012 also illustrate the importance of SMEs. They account for 99.8% of all enterprises, employ 67% of all workers and contribute 58% of gross value added (GVA) – defined as the value of their outputs less the value of intermediate consumption and an important factor in GDP. The contribution made by SMEs does vary widely between countries and regions. Nevertheless, although they play particularly key roles in high-income countries, SMEs are also important to low-income countries, making significant contributions to both GDP and employment (Dalberg, 2011). They are also major contributors to innovation in economies, partly through collaboration with the larger corporate sector. SMEs that become embedded in the supply chains of larger businesses can be spurred on to improve their own human and technological capital (ACCA 2010), thus improving their own productivity and performance. When combining the data for those countries for which reasonably good data are available, SMEs account for 52% of private sector value added, which provides a reasonable estimate for the sector's global economic contribution (ACCA 2010). The contribution of SMEs to economic fundamentals nonetheless varies substantially across countries: from 16% of GDP in low-income countries (where the sector is typically large but informal) to 51% of GDP in high-

income countries. The contribution of the SME sector to GDP, including both the formal sector and estimates of the informal sector, which is disproportionately large in low-income countries.

### 1.1 Problem Definition

Despite their importance, SMEs have not received the deserved attention from researchers. Their perspective is scarcely covered by literature, especially in the area of SCM where the bulk of research is related to large companies, which renders the existing theories based on large enterprises (LEs) inadequate for SMEs' realities. Generally, SMEs function under different circumstances than their larger counterparts for a number of reasons. SMEs experience various resource constraints as they have limited access to financial capital, technologies and know how, and sometimes highly qualified employees.

Moreover, SMEs are likely to postpone utilising the latest technologies and innovations, as they require investments in equipment, trainings and consultancy, which they often cannot afford (Giotopoulos et al., 2017). This leads to difficulties in staying competitive, especially in fast-changing industries that require major investments or in markets dominated by larger players. SMEs are also frequently in the position of lower power in the supply chain or have significantly small market share. Hence, they are unable to use aggressive strategies or demand better contract conditions from suppliers/customers.

Previous research found that SMEs are frequently in the position of lower power in the supply chain or have significantly smaller market share (Wynarczyk and Watson, 2005; Hong and Jeong, 2006). Hence, they are

unable to use aggressive strategies or negotiate better contract conditions from suppliers/customers. This renders most theories on competitive strategy (Robson and Bennett, 2000; de Man and Duysters, 2005; Nordin et al., 2010; Lo et al., 2016) inapplicable to SMEs.

Lastly, smaller companies are constrained by the managerial capacity, views and attitudes of their owners who often are solely responsible for the company strategy (Woszczyna and Pysz, 2016). For instance, Macpherson and Wilson (2003) have found in their research that if owner-managers are inclined to avoid risks or lack the will to grow the company, an SME is more likely to miss on viable development opportunities. This makes the implications of frameworks and tools commonly used in large enterprises questionable when it comes to their use in small organisations.

These issues make the development of SMEs a problematic area that requires additional research efforts. Growth has been identified as an idiosyncratic phenomenon, specific to each company, in both SMEs (Farouk and Saleh, 2011) and large corporations (Bottazzi, Cefis and Dosi, 2002). In recent years Hong and Jeong (2006) and Farouk and Saleh (2011) made some efforts to create models that grasp the reasons for company growth, but their studies have a rather conceptual and lack empirical evidence. Furthermore, little research was later done particularly on the growth of SMEs, like the study of Bannier and Zahn (2014) which showed company heterogeneity leads to different growth patterns and country-specific factors can affect growth, but does little to explain the underlying reasons for higher growth rate in some SMEs compared to others.

The paucity of studies on growth in SMEs that assume a holistic view, which would provide greater applicability in strategic decision-making, and the abovementioned flaws in existing research leave plenty of space for further investigation on the topic.

Another notable problem is that smaller companies (SMEs) are constrained by the managerial capacity, views and attitudes of their owners who often are solely responsible for the company strategy. Considering all of these, it can be easily understood that the issues that make the development and growth of SMEs a problematic area requires additional research efforts.

Growth has been identified as an idiosyncratic phenomenon, specific to each company, in both SMEs and large corporations. This tendency is further strengthened by the heterogeneity of SMEs, which explains the lack of generic models for measuring and explaining SME growth in the literature.

Recent research has made steps towards developing better understanding on the impact and usefulness of SCM practices in SMEs. The majority of the studies looked into separate elements of the supply chain paradigm and their importance to SMEs, such as the operational management and process optimisation. However, a limited number studies were found to provide a comprehensive framework of the factors influencing growth.

Other studies that acknowledge the need of a holistic approach have discussed modelling opportunities for SMEs through systemic examination of the dynamics that affect growth (Bianchi, 2002; Winch and Arthur, 2002; Farouk and Saleh, 2011). Although these articles provide in depth perspective, they also lack rigorous testing as their results are based on single company case studies.

Every organisation needs sound and effective leadership. Acknowledging the



important links between leadership and organisational performance, many organisations are focusing on developing effective leaders in their organisations (Hashim et al., 2012). Most of the leadership research has focused on the impact of a leader's behaviour on followers' individual performance (Podsakoff et al., 1996), motivation (Papalexandris and Galanaki, 2009) and satisfaction (Tsai, 2008), rather than examining firm performance, even though the most important effects of leadership are on organisational performance (Elenkov, 2002). Notably, there is still a lack of understanding about leadership in small businesses (Wang and Poutziouris, 2010). These authors claimed that studying entrepreneurial leadership in the SME environment may result in a better understanding of the organisational performance of SMEs. In one study of 194 small businesses, effective leadership was found to result in better business performance (O'Regan et al. 2005). These researchers further argued that small businesses with strong leadership have better performance than businesses with weak or uncertain leadership.

Most management studies relating to the effects of leadership on growth have focused on large size organisations with less attention being paid to the influence of leadership on growth of SMEs (Alby and Auriol, 2012; Muenjohn and McMurray, 2017). Furthermore, the majority of these studies were conducted using the contexts of developed economies such as Europe and the United States (Mwangi et al., 2013). Leadership influence on SMEs success and growth in developing economies is hence under studied, and there is a requirement to develop a recognised framework of how leadership influence the established factors that have a direct effect on growth.

The paucity of studies on growth in SMEs which assume a holistic view that would provide greater applicability in strategic decision making, and the shortcomings in the existing research outlined earlier leave plenty of space for further research on the topic. The combination with the critical importance of SMEs for the economic situation in developing countries creates considerable grounds for conducting the present additional investigation on the topic.

Although the literature has presented evidence of great interest among researchers and practitioners in the topics of leadership and growth (Schmitt, 2018), the arguments have tended to concentrate on whether there is a relationship between leadership and growth factors on the one hand and organisational performance/growth on the other hand. Despite the links identified between leadership and performance (As-Sadeq and Khoury, 2006; Ling et al., 2008; Lo et al., 2010; Ogarca et al, 2016) and between internal and external factors and growth (Moreno and Casillas, 2008; Rauch et al., 2009; Mihai et al., 2017), very few studies have been conducted to examine the relationship between the three variables simultaneously (Yang, 2008; Todorovic and Schlosser, 2007). Thus, the examination of affecting factors as a mediator in the leadership- growth relationship could add new understanding of the direct and indirect relationships between leadership and organisational performance in the context of SMEs in Oman.

Finally, there is still a limited understanding of entrepreneurial in the context of SMEs in Oman (Mohd Sam et al., 2012; Hashim et al., 2012). Thus, this investigation of the forms of entrepreneurial leadership behaviour in SMEs in Oman hopes to close this gap in the literature on SMEs.

## 1.2 Context of Study

In Oman, the development of the SME sector is also of critical importance and requires some expediency, in particular as the country faces challenges in the forms of limited employment opportunities for citizens in the private sector and an economy that continues to rely mostly on the hydrocarbon sector.

The SME sector in Oman is relatively large, and despite various types of support from the government, its potential for growth is impeded by many factors among which are bureaucracy, scarce financing, lack of capabilities and resources, poor management, low technology, strong competition, international economic factors, cost and shortage of skilled labour and other critical supports that otherwise have allowed this sector to prosper in other countries. Thus, to overcome these challenges, good leadership and entrepreneurial attitudes need to be developed. These two factors have been identified as those that could drive the success of SMEs in the future. The current definition of SMEs should also be strengthened with additional clarity in determining the criteria. In an effort to diversify the Sultanate's economy and address some of the challenges cited above, the government has recently introduced a number of initiatives aimed at promoting the SME sector in the country.

Available statistics on SMEs (Ministry of Commerce and Industry) in Oman point to a sector that has yet to grow and realize its potential contribution to the national economy. A study conducted by the IMF and the WB in 2010 titled Financial Sector Assessment Program: Sultanate of Oman indicated that the SME sector accounted for 20 percent of GDP and 40 percent of the total workforce in Oman. According to Oxford Business Group report issued in April 2012, the SME sector in Oman accounts for 16 percent of GDP and 90

percent of economic activities. SME's contribution to in 2018 is 15% according to an Oman Times newspaper report in March 2018. These figures are indicative of a sector with limited contribution to the overall economy of the country.

Based on the IMF and the World Bank estimate of 40 percent workforce in the SMEs sector in Oman, it is sensible to suggest that the proportion of the Omani workforce in this sector is much smaller than that of the expatriate workforce, in line with the prevailing trend in the overall private sector. Latest employment statistics show that about 10,000 nationals were working in the 32,000 SMEs sector compared to 200,000 in firms that are classified as first class (Oman Observer newspaper, February, 2018). The 10,000 nationals working in the SME sector amounts to 2 percent of the total workforce and 3 percent of the total private sector in Oman which, when compared to figures in advanced or a number of emerging economies where over 90 percent of the workforce participate in the SME sector, amount to a negligible participation by the national workforce in the sector.

Another crucial question pertaining to Omani SMEs is the issue of ownership and its implication to the national economy. Cases whereby nationals are registered as business owners exist whereas in reality, these nationals are simply agents of expatriate owners. This loophole in the current system amounts to rent-seeking behaviour by some nationals and has a number of financial and economic ramifications among which are rising remittances, pressure in the labour market among nationals, fostered rather than impeded and when destructive behaviours by larger firms are curtailed or are removed. A World Bank Study (2006) noted that governments could play the role by taking actions to mitigate market failure and eliminate policy biases. Among

the number of recommendations provided in this regard, governments could address market failures that result to cost disadvantages for SMEs and limited access to markets. Governments could also ameliorate transactional efficiency related to financial, product, and input markets that are relevant to SMEs through easy access to information and develop mechanisms that would manage risks for SMEs. The World Bank study also emphasized the importance of reconsidering public policies and regulations that perpetuate discriminations against small firms. Government policies could also be instrumental in promoting entrepreneurship, facilitating firm start-up and expansion, and improving access to venture capital and other types of financing (OECD Policy Brief, June 2000). Governments in OECD member states are now promoting the development of secondary stock markets, easing taxes on capital gains and dividends and allowing using of stock options as compensation for smaller firms, according to the Policy Brief. Moreover, they are promoting networks between SMEs owners and investors to bridge the information gap between them and facilitate cooperation. As per the current procedure for lending to SMEs, banks are asked to classify any business loan as a non-paid loan in the event the business entity fails to service the loan for 90 days. It is therefore easy for banks to take non-payment cases to the court and recover the amount lent, in particular that these types of loans are backed by valuable collaterals such as lands, the business itself and retirement wages. Failure to meet regular payment to the banks is in some cases due to the fact that even successful SMEs face challenges with respect to cash flow. These small firms may be providing services to government entities or large companies which some time do not honor their payment on time, and more often in the case of government payments. This challenge

usually translates into cash flow problem for SMEs and by default affecting the scheduled loans payments to banks.

Other Challenges faced by SMEs in Oman include high costs of conducting professional feasibility studies, lack of collaterals needed to receive a line of credit. These challenges left Oman Development Bank (ODB) as the main lender in this sector. The business model of ODB is based on low cost of funding (government equity) together with large interest rate subsidies applied to the long-term loans that it extends. The issue here, as correctly pointed by the IMF and the WB, is that the prevalence of low interest rates from ODB crowd out long-term lending to SMEs from commercial banks. At basic level the SMEs sector in Oman confronts challenges in the forms of marketing, administrative, technical, organizational and regulatory limitations (Al Belushi et al, 2012) and incentives that are meant to assist nationals in their efforts to start or grow businesses being channeled to expatriates instead. This reality on the hidden economy is counter to the policy of promoting upward social mobility and entrepreneurship through starting a business or expanding an existing one. In order for the SME sector to thrive in Oman and realize its potential economic and social benefits, owners need to be fully invested in the startup as well as growth phases of the business.

### 1.3 Research Questions

- 1- What are the main factors and drivers of growth in SMEs from a Supply Chain perspective?
- 2- How do the factors affect SMEs growth in a supply chain environment?

- 3- What are the constructs of entrepreneurship leadership and how do they influences the affecting factors in SME business growth?

#### 1.4 Aim and Objectives

##### Aim:

The aim of this study is to explore and identify the main factors affecting SME growth within supply chains in order to build a comprehensive framework for enabling the opportunities for SME growth in supply chains.

##### Objectives:

The thesis seeks to explore the current practices of growing SMEs through a systemic approach, in order to identify the growth-driving factors and opportunities that contribute to the successful development and growth of smaller companies. As a result, a system of interlinked policies and growth drivers will be outlined. It would provide a framework for SMEs to benchmark against, as well as identify potential steps to be considered for changing the behaviour pattern of SMEs to continue or reinitiate growth, especially when current opportunities get exhausted. The main objectives are as follows:

- 1- Identify factors that are related to growth in SMEs through a review of supply chain literature - This would provide the main constructs to be considered in building a framework;
- 2- Propose a preliminary conceptual framework for development and growth in SMEs - It should serve as a tool to benchmark the findings from the data collected;
- 3- Using empirical research based on multiple case studies to explore current decisions and initiatives for growth in the studied SMEs and identify the critical moments and solutions that affected their growth results
- 4- Validate the preliminary conceptual framework in order to construct a comprehensive framework for development and growth in SMEs

## 1.5 Significance of the Research

The topic of entrepreneurship has created much interest in management literature and it has been established that effective leadership is important for organisations of all sizes and industries. Effective leadership ensures organisational success and good business performance, especially in the competitive environment in which most firms are operating. For SMEs, good leadership is needed not only to guide organisational success, but also for survival. Entrepreneur leadership is a complex phenomenon. Even though many studies have identified that leadership affects performance, its effects on the factors affecting growth in the context of SMEs in developing countries still need to be validated. This is the issue that has become the focus of this study. Thus, this study examines the effects of the relationship between entrepreneurship behaviour and factors affecting organisational growth of SMEs in Oman.

The research in this study has both theoretical and practical implications. First, it will contribute to the body of knowledge on SCM in the field of SMEs by furthering the understanding of the applicability of SCM in smaller companies and the extent of their effect on business growth. Furthermore, the area of study on entrepreneurship in developing countries is now growing. The outcomes of this research will provide further evidence on the level of entrepreneurial attitudes in SMEs in a developing country. This evidence will help the understanding of how the performance of SMEs in entrepreneurial activities could be improved. Many of the previous studies in this area of research have focused on Western or other developed countries (Swierczek and Thanh, Ha, 2003a), so this study will provide empirical evidences of the applicability of these concepts to a developing country like Oman. This is important since the culture, operating environment and values in Oman may



be different from those of developed countries. Some variables or factors might be important in other countries but are not within the scope of SMEs in Oman, and vice versa.

Ultimately it will propose a theoretical framework to model the growth in SMEs that should improve on existing theories in the field by filling gaps in it and providing empirical testing. Second, this study will provide a systematic framework for managers in SMEs to benchmark the current state of their companies and guide their efforts in strategically planning changes aimed at growing them by focusing on core elements like the organisational strength, operational capabilities and external connections.

## 1.6 Thesis Structure

The thesis consists of 5 chapters as listed below:

**Chapter 1 Introduction:** This chapter outlines the research area background and defines the research problem. Justification for undertaking the work is also provided, as well as the main aim, objectives and the research questions of the research. The chapter includes a description of the research context of Omani SME business sector.

**Chapter 2 Literature Review:** This chapter provides an extensive critical review of the current literature on SMEs and their role within supply chains, SME growth factors and entrepreneur leadership and its effect of SME growth factors. The chapter concludes by presenting the conceptual framework based on the findings extracted from the literature review, and description of the relationships within the framework.

**Chapter 3 Methodology:** The chapter outlines the overall research approach

by discussing the research approach, the research strategy of the study, and the adopted qualitative data collection and analysis method. The interview instrument is described in detail as well as other related issues such as data reliability, limitations and ethical considerations.

Chapter 4 Analysis, Findings, and Discussion: The chapter first identifies the main themes of the data analysis and the adopted coding regime. It then presents in a systematic way the data analysis and main findings with the associated discussion and reflection on theory. The chapter concludes by presenting the final outcomes and the resulting revised framework.

Chapter 5 Conclusion: This final conclusion chapter represents reflection on the whole study, including the work's main theoretical and practical contributions, as well as its limitations and recommendations for possible future enhancements and further studies.

## Chapter 2

### Literature Review

## 2.1 Introduction

The Literature review focuses on identifying the main factors for growth and examining how they affect SMEs, by adopting a supply chain point of view. In order to address the aims of this study, first the relevant literature will be reviewed and analysed to identify relevant secondary data and findings on factors that influence the growth of SMEs. As a result, a system of interlinked growth drivers will be outlined, providing the conceptual framework for the empirical study.

## 2.2 Supply Chain Management (SCM)

Supply chain management is a relatively new terminology and the definitions of what it encompasses often vary dramatically emphasising more on different functional areas such as purchasing, logistics, operations, IT and marketing (Burgess, Singh and Koroglu, 2006). In order to understand the content of this concept, one must first look at its object - the supply chain. It includes all parties directly or indirectly involved in the creation and delivery of a product or service to the final customers, as well as the material, information and cash flows that accompany the interactions between them (Chopra and Meindl, 2013; Jayaram, Dixit and Motwani, 2014).

To overcome the discrepancy of the definitions bound to different functional areas, (Mentzer et.al., 2001) describes SCM as:

"the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the

long-term performance of the individual companies and the supply chain as a whole" (Mentzer et al., 2001, p. 18).

This definition is not restrained to any specific discipline, emphasises the importance of SCM in enhancing company performance and stresses the need to converge functional strategies, both internally and among supply chain members. However, it fails to address the need companies to be able to add value to the final product. Chopra and Meindl (2013) describe the added value as the difference between the product value for the customer and the costs incurred in the supply chain, called "supply chain surplus", and contend maximising it should be the main objective of any supply chain. In line with those ideas, Lambert and Cooper (2000) describe SCM as "..the integration of key business processes from end user through original suppliers that provides products, services, and information that add value for customers and other stakeholders" (Lambert and Cooper, 2000, p. 66). According to this, the focus of SCM falls on delivering value to internal and external stakeholders. Together these two common definitions aptly reflect the importance of SCM for management.

In addition, according to Council of Supply Chain Management Professionals (CSCMP, 2011) a supply chain also involves the coordination and collaboration with all chain partners such as suppliers, intermediaries, service providers and customers.

Generally speaking, supply chains include the activities of information management, procurement, manufacturing scheduling, order processing, inventory control, warehousing and after-sale disposal of packaging and other redundant materials. Porter (1980) indicates that the successful integration of these activities will add value to the final product or service as well as

maintaining a sustainable competitive advantage. Respectively, it will be considered by this dissertation as a strategic tool for adding value to products and services and improving the performance of both the focal and other companies from the supply chain through collaborative work and integration of key processes across the various functions.

### 2.3 Small and Medium Enterprises (SMEs)

SMEs generate 50% of employment and enhance economic growth particularly in developing countries (UNCTAD, 1993). According to Fan et al. (2005) SMEs contribute significantly to economic growth, and play an important role in the long-term development of a nation's economy. However, due to their small size and limited resources when compared to the larger enterprises, survival is a challenge to most SMEs. Aremu and Adeyemi (2011) state that the SMEs are considered as an important part of the economic growth of a country as they provide help in the creation of job opportunities in comparison with large corporations or multinationals, and also aid in increasing the export of the local products of a country thus contributing positively towards the GDP of the nation. In addition, Jasra et al. (2011) state that the high amount of contributions made by the SMEs to a country's economy is one of the core reasons due to which the governments of these countries are acting responsibly for the promotion of a healthy and prosperous SME sector. Besides generating employment, the role of SMEs involves earning foreign exchange for developing countries more than what larger firms normally do (Gibson and Vaart, 2008). Therefore, growth of SMEs in developing countries can be considered as a solution for economic problems such as unemployment and low economic. Philip (2011) indicates that growth

of SMEs in the OECD has contributed to the creation of around 60 to 70 percent jobs in these countries. This evidently shows the role played by the SMEs in the reduction of unemployment in OECD countries. SMEs have a significant impact on the economies of European countries, but differ from large companies, especially in their positioning. Research by Lee, Lim and Tan (1999) shows that they often operate in niche markets or have small market shares and receive severe pressure by stronger companies. This means many SMEs are relatively weak players on the market and have to conform to their clients' demands in order to keep their business. Supply chain management offers some opportunities for companies to improve their position.

#### 2.4 SMEs and Supply Chain

Arend and Wisner (2005) studied SMEs within supply chains and indicate that they can through that obtain high benefits in cost, product quality and reduced risk. Similarly, Koh et al. (2007) indicate that implementing effective supply chain practices has a positive impact on improving the general performance of SMEs. Within supply chains SMEs have a direct streamlining impact by playing the roles of suppliers, producers and buyers (Hong and Jeong, 2006). Bhutta et al. (2007) investigated SMEs implementation of supply chain practices and conclude that the businesses adopting good supply chain management practices are more successful than the ones with less adequate practices. Therefore, it is apparent that supply chain management can positively contribute to SMEs improved operational performance.

However, SMEs' managers face numerous barriers when trying to implement SCM. A survey of the literature showed that SCM has wide implications for

SMEs, but several studies outline the barriers for adoption of such practices, like the lack of SCM know-how and skilled employees (Zahedirad and Shivaraj, 2011), the shortfall in information systems and modern technologies (Archer et.al, 2008), the lack of trust and interest in SCM among other members of the supply chain and the lesser power of SMEs compared to customers (Meehan and Muir, 2008). These difficulties faced by SMEs can impede the effective use of SCM practices and companies must make focused efforts in order to overcome them.

On the other hand, numerous studies support the positive impact of SCM on the ability of SMEs to add value and satisfy customer demands through process optimisation (Singh, 2011; Chin et al., 2012), collaborative relationships (Macpherson and Wilson, 2003; Morrissey and Pittaway, 2004), IT and integration (Wagner et al., 2003; Gelinas and Bigras, 2004; Power, 2005). The limited access to resources additionally enhances the critical importance of SCM for the survival of SMEs as it can effectively improve their cost structure and optimise operational processes (Burgess et al., 2006).

The literature outlined in this review shows SCM encompasses many disciplines and includes both internal and external elements, which makes it a relevant to all aspects of business development. SCM considers organizations from the value chain as a virtually unified business where participants share activities like planning, research and development, purchasing, manufacturing, logistics and after-sales service (Tan, 2001). It can be inferred that the supply chain is to be seen as the natural environment in which SMEs function, so it will be used as the setting in which this research will be grounded. The present work will now focus on identifying the main factors

for growth in SMEs. In order to address the aims of this study, first the relevant literature will be surveyed for secondary data and findings on factors that influence the growth of SMEs. As a result, a system of interlinked growth drivers will be outlined, providing the conceptual framework for the empirical study.

## 2.5 SME Growth

SMEs grow by pursuing a differentiated strategy that needs continuous improvement (Lee, Lim and Tan, 1999; Kalafatis, Tsogas and Blankson, 2000; Porter, 2004; Mehta, 2006) go through various growth states as they progress (Farouk and Saleh, 2011). For example, Lee, Lim and Tan (1999) explore the ways companies can overcome resource disadvantages and argue that SMEs can prosper through appropriate niche and focus strategies. Research also shows that although processes evolve naturally with the development of businesses, strategic thinking and a proactive approach to management are of utmost importance for companies' success (Berry, 1998; Thakkar and Deshmukh, 2008). Managers in SMEs are usually involved in the decision-making processes on all levels in the organisation (Altinay and Wang, 2011). This naturally leads to the conclusion that managers have a crucial role in driving the changes needed for developing their businesses.

In their study Huin et al. (2002) report that SME managers are heavily involved in strategic, as well as highly operational issues that concern transactions of great value to the companies. This outlines the great scope of their impact on the everyday functioning of organisations. Furthermore, top managers influence chances for success of new initiatives by supporting employees' empowerment, by facilitating their involvement and commitment,



and by increasing communication and teamwork across organisational units (Pun, Chin and Gill, 2001; Daily and Bishop, 2003). Consequently, the abilities of entrepreneurs in driving and managing structural and strategic changes could determine the growth chances for the company (O’Gorman, 2001). Such a view emphasises on the soft side of management and calls for more attention to the managerial variables that affect the success of firms.

Lambert and Cooper (2000) identify nine management components from an SCM perspective and divide them into two groups. The physical and technical group includes the most visible, measurable, and easy-to-change components. Nevertheless, past research proves these are insufficient to drive superior results (Jaffe and Scott, 1998; Lambert and Cooper, 2000). On the other hand, the advantages of SMEs are evidently mostly behavioural and concentrated on qualitative differentiation and innovation (O’Gorman, 2001). Moreover, behavioural components are found to strongly influence performance and growth of SMEs by a number of researchers (Naldi et.al., 2007; Ping and Debin, 2010; Hashi and Krasniqi, 2011; Eggers et al., 2013; Tan, Bi and Smyrnios, 2014).

As discussed earlier, innovation leads to increased efficiency and consequently growth of available assets, but it occurs only in the context of companies that are capable of bringing together the right resources. For organisations to change, be it by tweaking the product mix, switching geographical markets or production technology, people in them need to possess many entrepreneurial characteristics, like a sense for opportunities, ability to facilitate the change through leadership and bring together the needed resources and technologies (OECD, 2014). Lambert and Cooper (2000) find that most successful supply chains are driven and directed by one

or two strong leaders, which in turn shows the importance of leadership and the critical role of managers in creating a suitable culture to nurture successful collaboration. Furthermore, entrepreneurs often have to take risks and channel resources into the completion of projects with uncertain outcomes (Lazear, 2005). Thus, they have an instrumental role in leading the development of business activities in their organisation and the supply chain (Singer et.al, 2014). The entrepreneurial qualities that past literature outlines as critical for success will now be discussed.

## 2.6 Entrepreneurship and Leadership

Strong leadership is vital for entrepreneurs in the 21st century. Burns (1978, p. 20) indicates, the act of leadership “binds leader and follower together in a mutual and continuing pursuit of a higher purpose”. This essay will critically discuss what leadership means to successful entrepreneurship and the contribution it may make to recognizing business opportunities that can be exploited by likely future trends in the 21st century. This will be done by explaining and evaluating what leadership and leadership styles and entrepreneurship and entrepreneurs are, and finding out if they contribute to recognizing business opportunities that can be exploited by likely future trends in the 21st century. Moreover, we will be finding out how entrepreneurs can achieve success, what new decisions will they have to make, how they can deal with new markets and competition, finally how the environment is changing and does it affect them.

### 2.6.1 Leadership Styles

Leadership styles are the “relatively consistent pattern of behaviour that characterizes a leader” (Dubrin 2001, p. 121). Organisations today need

effective leaders who are able to understand the difficulties of the quickly changing global environment. Nahavandi (2002) states, that different leadership styles can have an effect on the effectiveness or performance on an organisation. The models of transformational and transactional leadership have been the main part of leadership literature over the numerous amounts of years (Avolio and Bass, 2004). Lowe et al. (1996) states, transformational and transactional leadership are seen as opposing styles and that leaders can be both transformational as well as transactional. However, Gardner and Stough (2002), argue the point by indicating that transformational leadership is more effective than transactional leadership. On the other hand, other researchers have found supporting data concluding that transformational leadership is more superior to transactional leadership (Bass et al., 2003; Dvir et al., 2002). Transformational leadership is much more strongly connected than transactional leadership with greater level of organizational culture (Block 2003), higher productivity and performance (Lowe et al. 1996), and stated by Gardner and Stough (2002), having a higher level of emotional intelligence.

A study produced by Yang (2008), combined the two concepts of leadership and entrepreneurship. His aim was to examine how leadership can affect the development and implementation of entrepreneurial orientation in an organisation in Taiwan called Smes. Entrepreneurial leadership is an effective and necessary leadership style (Cohen 2004; Fernald, Solomon, and Tarabishy 2005; Tarabishy et al., 2005). Entrepreneurial leadership was created by individuals who comprehended that a change in leadership style was essential. Entrepreneurial leaders play a vital role in the success of new business projects

and schemes. Thornberry (2006) stated that entrepreneurial leadership is more like transformational leadership than it is like transactional leadership; however, it still has some differences in some fundamental ways. In addition, there have been many initiatives by scholars and researchers to assess the importance of transformational and transactional leadership in SMEs (Hood 2003, Yang 2008, Abdul Aziz et al., 2013; Visser et al., 2005; Pedraja-Rejas et al., 2006; Damirch et al., 2011) and many have found that transformational leadership is relevant to the context of the SME business environment (Hayat and Riaz 2011; Abdul Aziz et al., 2013; Ling et al., 2008). For example, Hayat and Riaz (2011) claimed that transformational and transactional leadership types are highly relevant to SMEs as they are closely related to the business approach of SMEs and the environment in which entrepreneurs operate. Abdul Aziz et al. (2008) maintained that transformational leadership is strongly related to entrepreneurship and SMEs. They reasoned that because SMEs are small, the entrepreneur is the one who guides the vision and direction, which is equivalent to the idealised influence of transformational leadership. Being able to communicate expectations to each employee is relevant to the inspirational and individualised aspects of transformational leadership characteristics. Secondly, they argued that, due to limited resources, SMEs explicitly address the intrinsic motivation of employees because SMEs are unable to use extensive extrinsic rewards in transactions with employees since they do not have enough financial leeway. Finally, they argued that SMEs operate in a dynamic environment and global economy which are distinguished by unpredictable opportunities and threats; therefore, transformational leadership is perhaps suitable for SMEs to adapt to this kind of environment. Ling et al. (2008) also reasoned that the less complex and

more fluid nature of SMEs than large organisations provides an advantageous setting for transformational CEOs to play a significant role in enhancing organisational performance. CEOs in SMEs have a great level of managerial discretion and freedom in which they are more fully empowered than CEOs in large organisations to empower others. In 2003, Hood examined the data from 382 CEOs of small to medium size high-technology firms in the US. The results of her study demonstrated that the impact of transformational leadership on ethical practices is greater and more significant than the impact of transactional or laissez-faire leadership. She concluded that transactional leaders may follow ethical practices that are legal mandates, whereas transformational leaders go beyond the legal requirements and voluntarily undertake more socially responsible and ethical practices. Finally, Visser et al. (2005) conducted a study of transformational leadership in South Africa involving 535 owners and managers of SMEs. The results revealed that there is a medium degree of positive relationship between transformational leadership and entrepreneurship. They showed that owners and managers of SMEs in South Africa possess characteristics of both entrepreneurs and transformational leaders. These studies have concurred that the transformational and transactional leadership theory is applicable to the SME business environment. Regardless of the size of an organisation, leaders who effectively deploy transformational and transactional leadership produce positive results for their organisations.

There are two familiar theories of leadership known as ‘team-orientated’ leadership and ‘value-based’ leadership (Gupta et. al., 2004). The team-orientated theory focuses on the interactions between leaders and group members, specifically emphasizing the ability leaders have to help raise the

levels of group participation and involvement by team members. Indicated by Graen and Cashman, (1975) and Graen and Uhl-Bein (1995), this interpretation contains leader-member exchange theory, which studies leadership from the perspective of role theory and suggestions that role development results in different role exchanges between the leader and assistants within an organization. Support for this method from field studies suggests that leader–member exchange may forecast outcomes such as, team performance (Graen et al., 1982) and managerial progress (Wakabayashi and Graen, 1984). Team-orientated leadership and entrepreneurial leadership are similar due to the fact that the leader expects the group to produce high levels of participation and involvement. However, the difference is that entrepreneurial leaders must ensure that they must compose constantly changing role definitions motivated around an uncertain organizational context, rather than being based around a more stable role due to the static environment.

The value-based leadership a theory expanded by House and Aditya (1997), indicates that leaders articulate an appealing vision or mission in conceptual terms, also showing a high amount of confidence in themselves as well as their beliefs, and setting an example of involvement and commitment to the mission in order for the followers to emulate. Value-based leadership might be an important foundation of advantage in the business context, due to commitment, a resource that is quite difficult to follow, can be gained by affecting the values and beliefs that underlie individuals' perceptions (Ghemawat and Del Sol, 1998). Value-based leadership and entrepreneurial leadership have its similarities in the sense of the leader trying to build a high expectation vision and to deliver confidence in the followers, in order for them

to accomplish the vision. On the other hand, leaders cannot expect themselves to demonstrate to the followers the high efforts needed to accomplish the entrepreneurial task, instead relying on the followers to show their commitment in their specialized skills to accomplish the entrepreneurial task. Ardichvili (2001) claims that there is universal acceptance of the importance of leadership in large organisations, but research on leadership behaviour in small businesses and new ventures is scarce.

In summary, stated by Gupta et al. (2004), specifically in the organizational context, leaders who want to meet up to the entrepreneurial challenge must convince the followers that they can accomplish their goals, promise that their effort will lead to very good outcomes, to continue working hard in the face of environmental change and produce a convincing organizational vision.

### 2.6.2 Entrepreneurs and Entrepreneurship

Historically entrepreneurship has been associated with the creation of business and a unique way of behaving and thinking (Cooney, 2012). There has been a kind of variations in the way entrepreneurship is defined (Kobia and Sikalieh, 2010). Gupta et al. (2004) states that there are different definitions for entrepreneurship from various perspectives, such as, innovative mixtures of available resources (Schumpeter, 1934), opportunity pursuing or proactive behavior (Stevenson, 1983) and (Miner, 1983). Rahim and Mohtar (2015) define an entrepreneur as an innovator that creates and exploits business opportunities. Waswa, Munene and Balunywa, (2015), indicate that entrepreneurship largely relates to innovation, charisma, wisdom and intuition.

Kutzhanova et al. (2009) identifies several Entrepreneurship Skills including

Inner Discipline, Ability to Take Risk, Innovative, Change-Orientated and Persistence all of which are necessary to identify business opportunities and taking necessary and effective action to achieve them. Similarly, O'Hara (2011) identifies a number of key skills that are associated with entrepreneurship behaviour:

- The ability to identify business opportunities;
- Creative business thinking;
- Readiness to take risk;
- Ability to organise required resources.

Indeed, entrepreneurship is based around being innovative and different; however, a further integrative perspective is needed when the examination of entrepreneurial thinking is tested within organizations (Kanter, 1982). Furthermore, entrepreneurship has been acknowledged as an important driver of development in local, regional and national economies (Schumpeter, 1934), by this entrepreneurship can be considered as a decisive factor in the development of established firms increasingly affected by new competition. An entrepreneurial orientation is vital as firms that allow entrepreneurial orientation to occur learn to adapt their competences to meet emergent competition, and this can be done through flexible resource development which then allows the firm to use or increase company resources and therefore, raising long term capacity in the long run (Kanter, 1982). This then allows the firm to move much faster and quicker in order to gain first-mover advantage in emerging new products or markets (Kuratko and Hodgetts, 1989). Entrepreneurs have to have a presence about them and must ensure that they show effective communication of an entrepreneurial vision, Hitt et al. (1999) note the importance of developing; communicating and emphasizing precise shared feelings among all the organization member, while on the other



hand, the visionary role of a top management in producing the context for transaction set-altering changes is highlighted by Brazeal and Herbert (1999). Kuratko (2007) claims that entrepreneurs are now defined as aggressive catalysts for revolution in the world of business; where other individuals may see chaos, contradiction or confusion, whereas, entrepreneurs are individuals who recognize opportunities and jump in to them. The desire and determination of entrepreneurs assist in helping the world of business move forward; this is because they are known to challenge the unknown and continuously creating the future (Kuratko, 2002).

Kuratko (2007) has done research on 'Center for woman's Business Research, 2007' and found out from the nonprofit Tax Foundation reports that entrepreneurs pay over 54% of all individual income taxes. Furthermore, 37% of current entrepreneurs are in the highest individual tax bracket (Kuratko, 2007). This shows that entrepreneurs in the 21st century are contributing by paying a majority of the taxes, and this could be because they are finding new business opportunities. By finding new business opportunities, entrepreneurs are investing more money into businesses or projects which then results in profits; therefore, as they are gaining more profits, a percentage will have to be taken due to higher taxation.

The world has experienced an entrepreneurial revolution and this revolution has become very influential to the twenty first centuries than the industrial revolution was to the twentieth century (Kuratko, 2007). This is due to entrepreneurs using their leadership styles and skills to find and grab new business opportunities in order to become successful. Entrepreneurs have become critical contributors to economic growth through their leadership, innovation, competitiveness and formation of the new business environment.

This statement is backed up by Kuratko and Hodgetts (2007) by claiming in the center of this revolution, entrepreneurship has become more influential in the mere creation of business. Although an entrepreneurial perspective can be settled into any individual, plus it can be displayed within an organization or outside of an organization, for in profit or not-for-profit initiatives, and in business or nonbusiness activities for the purpose of producing creative ideas. Kuratko (2007) claims that the entrepreneurial perspective has made individuals to reach into their inner self in order to find the innovative thinking that they hold in them. The spirit of entrepreneurial leadership has had a very good effect on entrepreneurs.

### 2.6.3 Entrepreneurial Leadership

Contemporary literature often associate leadership with entrepreneurship Tarabishy et al. (2005) and in some cases they were studied in combination Gupta et al. (2004), However, as Sam et al. (2012) indicates leadership and entrepreneurship are related but not the same as entrepreneurship relies on innovation, intuition and other natural powers, leadership is more reliant on positional power and formal authority. Furthermore, Sam et al. (2012) also indicates that cultural and demographic attributes have an effect on the style of entrepreneurship style of management. For example, it was found by Dofman and House, 2004) that in India and china that employing family members is a normal managerial practice due to the stronger family ties in these regions.

Researchers like Rahim et al. (2015) and Gupta (2004) have highlighted the importance of combining the two concepts of entrepreneurship and leadership in order to achieve a higher level of capable, visionary and effective leadership

that ensure their firm performs well. This view is supported by (Tarabishy et al., 2005) who indicates that entrepreneurial leadership can provide the right leadership style to deal with today's quick changing and complex business environment. Mohtar and Rahim (2014) suggest that it is necessary to introduce entrepreneurial leadership in order to improve firm performance.

Cascio et al. (2010) Indicates that leadership is one of the most important factors affecting firm's performance and growth. This supported by Kieu (2010) who identified a strong relationship between leadership and organisational performance and growth. By adapting a more flexible organisational structure and effective decision making, entrepreneurs can respond quickly to business environment shocks such as changes in markets, technology and regulatory processes (Hashi and Krasniqi, 2011). Therefore, it can be concluded that entrepreneurs equipped with good leadership traits can have significant contribution towards firm's performance.

A main feature of an entrepreneurial SME is being proactive, introduce product innovations and take market risks. Herath (2014) finds that SME survival depends on the entrepreneur's proactive decision making and innovation capacity due to the fast-changing business environment where products normally do not have long market life. Therefore, it can be concluded that entrepreneurship is a necessary ability to manage an SME successfully through extended capacity for innovation and exploiting of new business opportunities.

### 2.6.3 Success and Decision Making

Many successful entrepreneurs tend to select actions that are related closely to what they have already taken; therefore by doing this entrepreneurs are

exploiting their pre-existing knowledge (Minniti and Bygrave, 2001). While entrepreneurs try to create a perceived path for successful business venturing, they do this by moving on from their specific observations, in order to make much broader generalizations and may include theories on how to achieve success in succeeding new ventures. This shows that entrepreneurs have to expand their knowledge by using existing knowledge and experiences they have. This will help them as they can reflect on previous experiences and knowledge.

While entrepreneurs have to find different ways and solutions in order to be successful, this all helps by choosing the right business opportunity. By having previous experiences, entrepreneurs may choose different opportunities based on their past experiences. One of the most important ability to have in order to be a successful entrepreneur is to be able to have the ability to discover and develop business opportunities (Shane and Venkataraman, 2000). Many researchers have identified that experienced entrepreneurs have developed valuable knowledge such as reliable suppliers, important contacts, product availability and competitive resources and response; this assists in enhancing their capability to spot and grab entrepreneurial opportunities (Shepherd et al., 2000). McGrath (1999) explains that experienced entrepreneurs may be more likely to pursue ventures as a means of being able to gain access to a wider range of opportunities that have not been recognized, rather than novice entrepreneurs. This argument resembles to Carroll and Mosakowski (1987), who declares that having previous start-up experience increases the probability to exploit entrepreneurial opportunities.

Successful decision-making involves a precise understanding of the environment in which that decision will be distributed out. Without having this understanding, it is impossible to measure the probable consequences and choose thoughtfully among them (Messick and Bazerman, 1996). Entrepreneurs have to do a lot of decision making in order to help them be successful. These decisions making will revolve around taking risks, deciding what's good and what's not good for their business, producing strategies by managing interaction with environmental forces. Complying all off these decisions making will assist in making the entrepreneur a successful person. This is because making the right decisions will benefit the entrepreneur as well as their business. I feel that the main real decision making that will help benefit the entrepreneur directly in being successful is risk-taking. This is because I feel that risk-taking is such a large factor in entrepreneurship, due to the many different risks entrepreneurs could perform. However, some risk taking may go against the entrepreneur, therefore, choosing the right risk to help the business is vital. Busenitz and Barney (1997) have stated that in really complex circumstances, the use of cognitive biases in decision making helps entrepreneurs become successful, as cognitive biases helps with the only way to deal with the turbulent environment.

#### 2.6.4 The Business Environment

The business environment is rapidly changing and there are always new things that may be positive or negative things to pop up in the business environment. The business environment changing may affect entrepreneurs due to the entrepreneurs not adapting well to the changing business or environment or they may exploit that the business environment is changing and will use that

to their benefit. The business environment changes due to situations that occur such as the recession during 2007; which then lead to an economic crisis and then lead to having an effect on the whole world. Because of situations like this, entrepreneurs have to make sure they adapt to the new surroundings. Therefore, the changing business environment has an effect on entrepreneurs. This then leads to the entrepreneurs making very decisive decision making which will help in keeping them successful or helping them to become successful. Furthermore, technology is another main factor in the business environment to keep changing, as technology almost yearly improves majorly. Entrepreneurs may have to include these new technological changes in order to keep up to pace with the business environment or risk falling behind other businesses.

#### 2.6.5 Entrepreneurs' Traits and Their Role in SMEs

According to (Sidika, 2012) effect of entrepreneurship on small business development has had different views from previous research some reporting the impact as significant while others found it less influential. Entrepreneurs manage their businesses based on their own characteristics, which includes education, experience, skills, age and gender etc. This is supported by Bouazza et al. (2015) who indicate that entrepreneurs complement their own inherent abilities with education, training and family background. Okwachi et al. (2013) find that in SMEs inherent structure provides leadership with the necessary communications channel to support implementation of critical strategies and plans. According to Mesu, Van Riemsdijk and Sanders (2013) there is a strong relationship between leadership and entrepreneurship in the sense that strong leadership is the channel through which entrepreneurial

innovation and ideas are communicated in SMEs. Similarly, Powell (2012) notes that co-existence of strong leadership and entrepreneurship will enhance the implementation of initiatives and help towards creating a proper business culture. Bouchard and Basso (2011) notes that the entrepreneur's visionary leadership contributes to the achievement of ambitious innovations and strategic planning and implementation.

Cultural attributes strongly influence performance and growth in SMEs. Altinay (2008) finds in his research that managers' culture has a dramatic effect on the entrepreneurial behaviour of Turkish SMEs, while education and professionalism increase the probability of entrepreneurship and company expansion. (Altinay and Wang, 2011) affirm these findings and also show that past experience is instrumental in the process. Performance in SMEs is also linked to managers' growth aspirations and motivations (Wiklund and Shepherd, 2003), as well as their psychological characteristics and capabilities (Barbero et al., 2011). However, Morrissey and Pittaway (2004) observe that the motivations of SMEs' managers are not always financially oriented, which can lead to tension in relationships with other organisations and harm the business. The results from these studies show that the attitudes of managers can affect the performance and development of their firms, which also is true regarding their past experience and knowledge.

Another quality strongly related to entrepreneurship is the propensity for risk-taking in managers. A research by Naldi et.al. (2007) suggests risks are integral in entrepreneurial activity in SMEs and that it highly affects innovation and proactiveness in them. However, according to Gray (2002) SMEs' managers are often reluctant to take risks and implement changes, which impedes their development. These findings illustrate how the choice of

making risks or not has influence on the prospects of the business. Managers as the main decision makers in SMEs determine the behaviour of their firms, thus their attitude towards risks is critical.

A critical factor for the proficiency of managers is the practice of continuous learning. A number of studies have proven its benefits for organisations' performance (Deakins and Freel, 1998; Bianchi, 2002), while Hansen and Hamilton (2011) link it to entrepreneurship and show how it drives growth in the long run. Nevertheless, Krasniqi (2007) demonstrates that the benefits of organisational learning diminish as companies grow and get older. This means that companies which have been on the market longer need to evolve and change their business in order to rejuvenate its potential for absorbing knowledge.

However, leadership is needed for the success of any undertaking. For example, Tan, Smyrniotis and Xiong (2014) observe that learning orientation in employees was present only if managers motivated, empowered and regarded them as valuable resources, which notes the need for effective leadership and human resource management on behalf of managers to facilitate it (Chin et al., 2012). Additionally, Rosing et al. (2011) analysed past literature to identify the effects of leadership on innovation and found that transformational leadership, the innovation initiation and consideration structure, supervisor support and the quality of relationships between leaders and followers are crucial for successful innovation. Leadership was also noted as an important factor in forming partnerships in the supply chain and leading the successful adoption of SCM practices. This outlines leadership as a quality needed to facilitate the processes needed for a company to grow.



Finally, past papers outlined the importance of the contacts of managers for the expansion of SMEs. A quantitative survey by Širec and Bradač (2009) reports that interpersonal networking is positively related to growth in SMEs on the firm level. This means proactive relationship management on behalf of entrepreneurs is a significant factor in improving development opportunities. The evidence provided by these studies is sufficient to conclude that entrepreneurial characteristics of managers are an important factor for the outcomes of a business and its development. However, their impact is still not well-understood by practitioners and researchers (Lambert and Cooper, 2000). Literature on the growth in SMEs from a supply chain perspective is scarce and lacks empirical investigation (Hong and Jeong, 2006; Farouk and Saleh, 2011), where the impact of entrepreneurship is investigated mostly through quantitative means (Wiklund and Shepherd, 2003; O'Regan et. al., 2006; Krasniqi, 2007; Delmar and Wiklund, 2008; Tan et. al., 2014), which renders research unable to explain the nature of relations between variables. Empirical work on entrepreneurship is also insufficient and lacks clarity as there are many unanswered questions (Terjesen et al., 2013). To date, only a dearth of researches have explored entrepreneurial orientation as a moderating factor on firm growth. This outlines a gap in the existing research and sparks the need for additional investigation on the matter that would provide more comprehensive understanding. The present research will try to further recent work beyond the performance implications of entrepreneurship (Wiklund and Shepherd, 2003; Naldi et.al., 2007; Rauch et.al., 2009; Wales et. al., 2013) and study the dynamic of how entrepreneurial orientation affects growth through an explanatory qualitative research.

One of the few that attempt to create a comprehensive tool for explaining growth is the work of Hong and Jeong (2006), which outlines the importance of strategic focus on cost or value and the position in supply chains for determining the growth paths of SMEs. The positioning in the supply chain is regarded as a decision where to compete (O’Gorman, 2001), whereas the strategic focus is related to deciding how to compete, which aptly combines the two opposing views. According to their model, and depending on these two basic dimensions, enterprises grow through four distinct stages, namely operational efficiency, collaboration in the SC or coordination of efforts and finally innovation. The factors that are argued to influence positioning are the image of the company, its strength on the market, its power compared to suppliers and vendors and its ability to form meaningful relationships with them.

Although the framework is useful for understanding the current state of SMEs and their possible paths for growth it has several limitations. First, it does little to study the interplay between the different drivers behind these transitions. It also lacks empirical testing to provide credibility of the propositions, as they are made solely on the grounds of results from previous research. Another limitation of their model is the assumption that SMEs grow in distinct consecutive stages. McMahon (1998) advocates that companies are more likely to experience different states or "gestalts" that may, or may not occur as they expand and evolve.

Growth is an idiosyncratic process that leads to different development patterns in SMEs and is strongly dependent on their strategic choices when difficulties occur (Greiner, 1998). Farouk and Saleh (2011) prove the feasibility of the statement. Although their research is based on a single case study, it clearly

illustrates how SMEs pass through various states dictated by their current situation and past decisions. The present dissertation will try to improve on what has already been done in the field by deeper exploring the interplay between the position in the SC and the prevalence of cost or innovation in strategies, and further answer how the main factors identified in this literature review affect company growth.

According to Engelen et al. (2012) effective leadership is associated with business success. Hellriegel et al., (2008) point out that managerial capacities are sets of knowledge, skills, behaviors and attitudes that contribute to personal effectiveness, and are very important to the sustainability and growth of SMEs. Martin and Staines (2008) found that lack of managerial skills education, experience and training are the main reasons why new SMEs fail.

Aylin et al. (2013) indicate that an SME manager needs to understand the business environment, both internal and external, and be able to deal with the associated complexity. This includes dealing with things such as planning and implementation, production, marketing, suppliers, customers, competitors, government and regulators, human resources, and financial institutions. All these require the manager's attention simultaneously and as Stokes and Wilson (2010) indicate he/she has to be multi-functional as overlooking any of these activities can have a critical impact on the firm's performance. According to Olawale and Garwe (2010), good levels of management capacities can make the SME more efficient and are necessary for survival and achieving growth. This view is supported by Aylin et al. (2013) who state that management skills are a crucial factor for the growth of SMEs and that the lack of management skills is one of the main challenges faced by SMEs that can lead to failure. According to Jackson et al (2008), a main factor that

affects SMEs performance is the adoption of management practices to the local environment. This view is supported by Dickson, BeShears and Gupta (2004) who add that local environment directly influence SMEs leadership and that there exists a positive relationship between SME success and management practice alignment with the local environment.

One of the issues in regard to entrepreneurship is whether it is a global and cross-cultural construct. Some researchers have proved that it is (Arbaugh et al. (2009). For example, Kreiser et al. (2002) examined firms from six different countries: Australia, Finland, Mexico, the Netherlands, Norway and Sweden. Their study confirmed the cross-cultural validity of the entrepreneurship scale. A larger study conducted by Arbough et al. (2009), which consisted of 1045 respondents from 17 different countries, suggested that the entrepreneurship construct is not only globally generalisable to developed countries, but the construct also has a huge potential for explaining firm behaviour in developing countries and therefore the firm-level characteristics of entrepreneurship are generalisable across borders. Runyan et al. (2012) used samples of SMEs from both the US and China and their findings contended that scholars should feel confident to utilise entrepreneurship in an international setting since it exhibited the same pattern of factor loadings across SMEs in both countries, allowing scholars to assume that the basic underlying purpose of entrepreneurship and its factors are the same in both countries.

There is also a debate on whether entrepreneurship should be treated as a single dimensional construct consisting of innovativeness, proactiveness and risk taking or as a multi- dimensional construct where each component varies

independently of one another. In some studies, the factors of entrepreneurship showed high correlations with each other so the researchers combined these factors into a single factor (Rauch et al., 2009). However, more recent studies have suggested that entrepreneurship is a multi-dimensional construct and each independent aspect of it may affect the performance of an organisation differently (Yang 2008; Runyan et al., 2012). Regardless of whether or not entrepreneurship is a uni-dimensional or multi-dimensional construct, each component is essential, and even if the components can operate independently, each is not sufficient without the presence of the other two components. In other words, to be entrepreneurial is to demonstrate the ability to innovate, to be proactive and to take a considerable amount of risk (Morris et al., 2011). The aggregated measures of entrepreneurship are useful when a differential relationship is not expected between the three sub-factors of entrepreneurial orientation and the other key variables being examined in a particular research model. On the other hand, when such a relationship is expected to exist, researchers should measure innovation, proactiveness and risk taking as single variables (Kreiser et al., 2002).

In conclusion, whether it relates to large organisations or to small and medium-sized enterprises, entrepreneurship can contribute to the overall performance of a firm. Some studies have identified a direct and statistically significant relationship between entrepreneurship and organisational performance (Ferreira and Azevedo 2007; Smart and Conant 2011). Miller (1983) stated that innovativeness, risk taking and proactiveness are all important elements of entrepreneurial activity. By investing efforts into innovativeness, firms can create new products or services, developing novel ideas and gaining first advantage in the market. By taking considerable risks

with the careful exploitation of those risks, entrepreneurs increase the opportunities to increase their profits. Lumpkin and Dess (1996) suggested that risk taking and organisational success were related since risk takers have a high possibility of making a profit. Finally, having the ability to anticipate changes and react to the changing environment and seizing the first-mover advantage helps firms to stay ahead of their competitors.

Therefore, entrepreneurship is important for organisational success and each factor of entrepreneurship might have different effects on the outcomes of organisations. This study explores this by suggesting that each factor of entrepreneurship has a direct impact on measures affecting performance and growth.

## 2.7 Factors for Growth in SMEs

The research on company growth is relatively mature, although less attention is given to SMEs. Only a limited number of studies were found to propose comprehensive frameworks of the factors influencing growth, especially in the supply chain context. Researchers are divided in their theories on the reasons for the growth of companies. Some argue that growth is predetermined by the structure and characteristics of the industry they operate in. Proponents of this theory suggest that growth in many SMEs is generally predetermined by their external environment (Aldrich and Fiol, 1994). Furthermore, O’Gorman (2001) find that choosing a favourable environment can positively influence firm growth. Also he found that the strategic choices of leading companies in the industry drive the growth of the whole sector, whereas less powerful companies were growing mostly as result of this expansion of the market. Additionally, (Eisenhardt and Schoonhoven, 1990)

relate the maturity of the market to growth, where new companies in growing markets became larger during the study than those in emerging or mature markets. These findings show that the industry structure influences SMEs' growth, although with different strength, depending on their role in it.

The opposing concept advocates that company growth is the result of the strategic choices managers make. According to an early research by Acs and Audretsch, (1989) company growth does not always depend on the industry conditions. Moreover, in SMEs the choice of environment is restricted by the experience of entrepreneurs and thus it is not actively done by them, but rather consequential to the circumstances (Eishenhardt and Schoonhoven, 1990). O'Gorman (2001) supports this concept by outlining the significance of superior strategies for SMEs' competitiveness and their role in driving higher growth in absolute values and compared to other companies in the sector. Considering the results from these studies it can be concluded strategic choices are at least as important as the characteristics of the external environment.

These two ideas have their merits, but none of them is capable of explaining the growth process in all its complexity on its own. Long-term business development must be driven by a coherent strategy formulated within a framework of identified environmental trends, competitive factors and opportunities on one hand and the recognition of the existing skills, competencies and resource requirements on the other (Berry, 1998). For that reason, both the "industry structure" and "strategic decision" views should be taken into consideration when examining the growth process. The literature on both theoretical stands will now be considered in detail.

### 2.7.1. Position in the Supply Chain

As already discussed, past studies stress the importance of positioning in the external environment for the successful growth of companies and the supply chain acts as that environment for most SMEs. Nordin et al. (2010) find that as companies evolve and change their business they might have to also change their position in the supply chain, showing the interdependence between SC positioning, innovation and business development. They study the alternative ways for companies to reposition themselves and argue the main mechanisms are through mergers and acquisitions, collaborations or organic growth.

Mergers and acquisitions provide several benefits to companies and directly expand them. For instance, Osegowitsch and Madhok (2003) found that forward integration can provide access to improved knowledge for the customers. Furthermore, Pearce and Robbins (2008) reveal that firms can improve demand predictability by forward integration through collaboration or taking over ownership of a following SC step. Alternatively, backward integration with the SC upstream was found to be more beneficial in dealing with technical challenges (Nordin et.al.,2010). These researches clearly show some of the benefits of acquiring other members and integrating vertically. However, mergers and acquisitions require vast amounts of money and are hard to achieve by SMEs considering their resource limitations. This makes them a risky option for repositioning and managers need to be vigilant when evaluating them.

Strategic alliances are another tool that can significantly improve the position of firms in the SC as well as their operational performance. Collaboration strengthens the position of firms by providing access to know-how and technologies without direct investments and potentially increasing the value



for customers (Ireland, 2002). This means they can reduce risks for SMEs by distributing it between the partners. A literature review by de Man and Duysters (2005) reveals strategic alliances improve innovativeness and at the same time reduce the cost of innovation, which shows their strategic importance. Furthermore, Wynarczyk and Watson (2005) study empirically the long term effects of partnerships on SMEs' growth and find that they greatly enhance growth rates in companies and that this improvement is sustained in the long term. Furthermore, Stronger relationships in the SC are found to increase the bargaining power of companies with customers (Kalafatis, Tsogas and Blankson, 2000; Olhager, 2003). This sets partnerships as a viable factor in driving growth through improving the SC position.

However, as partners remain separate firms, their interests and actions do not always converge. Morrissey and Pittaway (2004) conducted in depth interviews and revealed that for collaborations to work there has to be mutual trust and respect. However, in most cases power was leveraged for the benefit of stronger parties where SMEs were in a weaker position and were dictated the prices, making them sceptical to partnerships. This shows the discrepancy between good practices and the actual situation SMEs often have to deal with. Furthermore, a quantitative survey by Širec and Bradač (2009) reports that interpersonal networking is positively related to growth in SMEs on the firm level. This means proactive relationship management on behalf of entrepreneurs is a significant factor in improving development opportunities and can be used to balance SMEs' positions.

Kortelainen (2008) states that because supply chains are networks of companies, for SMEs they present management challenges regarding external business environmental and social relationships, which requires a

comprehensive understanding of these external attributes. Therefore, network resources are regarded as very important to ensure an effective supply chain that will facilitate the growth of SMEs. Network resources relate to the ability of the SMEs to create partnerships with other chain members, and Baum et al. (2012) suggest that supply chain relationships of SMEs positively affect the growth of the SMEs. Implementation of SCM strategies improves a firm's competitiveness regardless of the size of the firm (Brau et al., 2007). Supply chain partnership can provide SMEs with a wide and solid base of resources that can lead to improved competitiveness and better economic performance (Brau et al., 2007). This can also help overcome the common SMEs problem of general lack of resources (Fawcett et al., 2006). In addition, Terziovski (2010) states that supply chain partnerships can provide SMEs with new skills, and help managers to have a wider vision to determine how the resources of all partners can be utilised to overcome the firm's limitations and improve its performance. This can be achieved by leveraging the complimentary competencies found throughout the supply chain through correct collaborative relationships among all members (Brau et al., 2007). Further, Fawcett et al., 2006 indicate that all the activities that are not fundamental to the business value proposition can be relegated to other supply chain partners who possess more capabilities. Supply chain collaborations will also help SMEs with sustainability and mitigating business risk (O'Regan et al., 2005). Therefore, it can be concluded that supply chain partnership cooperation represents a major strategic option to SMEs as it provides benefits and resources that are normally beyond the reach of individual firms. Okten and Osili (2004) indicate that for both new and established SMEs networking is very important and can positively impact on their growth and performance,

and the generation of networks helps managers to successfully utilise external environment resources. Ngoc et al. (2009) emphasise that networks increase an organisation's legitimacy, which can in turn positively affect its access to external financing.

SME's can improve their performance through networking activities in many ways, for example, membership of business associations can be an effective way method for gaining access to training, technology and professional assistance and other benefits arranged by these associations (Brown et al., 2005). Franco and Haase (2009) established that high level of relationships and collaborations are key factors in enhancing SMEs performance and growth.

Finally, organic growth leads to natural repositioning of SMEs as they evolve. Nordin et al. (2010) posit it leads to decreased flexibility and can potentially increase administrative costs. It is a slower process than merger and acquisition and requires firms to attract new competencies or develop them in-house (Pearce and Robbins, 2008). However, firms that grow naturally are usually less dependent on others for specific innovations and are better able to utilise scale advantages (ibid.), which makes it a possible path for SMEs, since it brings moderate risk and need for investments.

To sum it all up, it can be inferred from the literature reviewed that growth in SMEs is strongly related to their strategic positioning in the environment, the ability to adapt and to improve their position. Moreover, the qualities of managers were found to be critical for the success in these areas, especially in terms of recognising opportunities, choosing a favourable environment, providing leadership in changing the business and being proactive in building formal networks and forging partnerships.

### 2.7.2 Strategic Management Decisions

As it has been pointed out so far, managers have considerable role in the successful development of SMEs, especially in the SC context. The success of SMEs is determined by their decisions and the strategies they employ, as results from several studies suggest. For example, Greiner (1998) found that by reacting differently to current events companies drive their development in different routes. This means present decisions are more indicative for the firm's future, than external factors. Farouk and Saleh (2011) come to the same conclusion after studying how managers' decisions shaped the development of a small company. This places great responsibility in the hands of decision makers. Thus, efficient strategic management by entrepreneurs has a critical role in determining the growth paths of companies. One of the most important choices that impacts companies' development is how to compete, namely focusing on lower costs or value-adding capabilities (Levy et. al, 2001; Hong and Jeong, 2006).

Cost efficiency is also essential for companies that wish to be successful. This is particularly relevant to SMEs, where growth is highly dependent on their ability to effectively utilise their limited resources (Hong and Jeong, 2006). Additionally, due to the frequent dominance of customers demanding lower costs, the survival of SMEs often depends on their ability to "provide/produce more, at less cost, in less time, with few defects, using fewer resources" (Thakkar and Deshmukh, 2008). SCM practices provide SMEs with an opportunity to develop relationships and even more importantly, to identify skills and competences that are crucial for their development, allowing them to better focus on life-cycle costs (Quayle, 2003). These facts outline the role

of SCM in cost reduction and the importance of efficiency as a basic prerequisite for not only the growth of SMEs, but also their survival in today's realities.

Managers should also focus on developing value adding capabilities in order to grow their business. Drawing on past literature, Mehta (2006) concludes that only a small number of companies are able to sustain growth in the long run. He finds that innovation is critical for driving continuous growth, where effective growth strategies emphasise on creating process and service innovations that fuel growth. They in turn fund new design and investments creating a self-sustaining cycle. The role of innovation in driving increasing growth levels was established in a number of industrial sectors (Zahra, Nielsen and Bogner, 1999). Although results from O'Regan et al. (2006) indicate innovation is not directly correlated to high growth rates, value adding capabilities and the competitive advantages they bring, can actually lead to better market performance of the firm (Shoham and Fiegenbaum, 2002; McEvily, Eisenhardt and Prescott, 2004). Consequentially, they help indirectly in maintaining high growth rates in the long run.

Researchers stress the importance of strategic thinking in the growth process for success (Thakkar and Deshmukh, 2008). O'Gorman (2001) discovers that companies with high growth rates tend to invest more in future-orientated expenses like marketing, R&D projects, distribution channels and increasing capacity. Other studies also show that companies can increase their sales through better market opportunity utilisation and differentiation of the ways they cater for customer demands (Farouk and Saleh, 2011; Tan, Bi and Smyrnios, 2014). However, O'Regan et. al (2006) reveals that in reality most manufacturing SMEs emphasise more on product innovations over process

innovations. By relying excessively on the limited benefits of incremental improvements in existing products, near-sighted SMEs can impede the sustainability of their growth and therefore companies should emphasise on innovations and continuous process improvements. Therefore, it can be concluded market orientation and strategic thinking can facilitate continuous growth.

### 2.7.3 Government/Regulatory/Legal

SME performance is affected by its business environment, and an unfavorable environment can seriously affect performance and growth (Clement et al., 2004). Brown (2007) suggests that issues with business environment can range from competition to complex regulatory rules and high taxes. This supported by St-Jean et al. (2008) who noted that competition, high taxation and awkward government regulations can dramatically slow down growth prospects in SMEs. In many developed countries competition from informal businesses, poor infrastructure such as unreliable energy supply and high taxation have negatively affected SMEs growth in these countries (Bouazza et al., 2015).

Krasniqi (2010) indicates that particularly for developed countries, the establishment of proper legal and regulatory institutions, such as administrative procedures for the registration and licensing of SMEs are crucial steps that should be taken by governments. However, Hashi and Krasniqi (2010) note that despite the improved regulatory framework, SMEs in developed countries are more likely to be affected by frequent changes in rules, regulations and administrative procedures, which can result in an unhelpful atmosphere of business uncertainty.

Govori (2013) indicates that due to the important role SMEs play in an economy, governments should encourage and help this sector by initiating supportive policies and regulations that result in reduced administrative and operating costs. However, According to Olawale and Garwe (2010) lack of awareness regarding supportive government initiatives and efforts represents a common problem in developed countries. Research by Chittithaworn, Islam, Keawchana and Yusuf (2011) studied the role of the government in the growth of the SMEs, and found that the contributions of the government in this regard are inclusive of incentives in terms of tax, technology transfer, vocational training, grants, business incubators and infrastructural support. Additionally, Soininen, Martikainen, Puumalainen and Kylaheiko (2012) indicate that the creation of a business friendly environment and the promotion of entrepreneurship are also major contributions of the government towards the growth of the SMEs. The findings of the study conducted by Taiwo, Ayodeji and Yusuf (2012) clearly signify that government support has generated a significant growth in the number of SMEs. Furthermore, Smit and Watkins (2012) points out that the regulatory burdens that SMEs bear have presents one of the most hindering obstacles for SMEs growth.

#### 2.7.4 Access to Finance

SME owners particularly in developing countries raise their own business starting capital, in most cases this is limited and not enough to provide for sustained growth (Hashi and Krasniqi, 2010).

It is well established that one of the main challenges for SMEs growth and sustainability is lack of financial resources and the ability to secure financial loans, which is particularly evident in developing countries (Govori, 2013).

This is mainly due to weak banking sectors as well as the absence of financial markets and proper credit regulations (WB, 2011).

Eniola and Entebang (2017) indicate that a major determinant of SMEs growth and development is availability of finance and access to finance resources. According to (Cassar, 2004), it is a well-established fact that in order to have an established start and sustain growth all businesses need adequate financial support.

Apart from a small percentage that are privately financed, most SMEs need to find other sources such as financial institutions and banks FinMark Trust (2006). However, many SMEs, particularly in developing countries find it difficult to have access to finance due to loan application rejection by banks that are suspicious of small businesses ability to survive (Olawale and Garwe, 2010). Herrington et al. (2009) indicate that finding appropriate finance is most crucial for newly starting SMEs as further finance can become available thorough profitable trading. According to Foxcroft et al. (2002) 75% of loan applications by SMEs in South Africa are rejected by banks.

According to Shah et al. (2013), banks and financial institutions tend to behave differently when dealing with SMEs particularly with issues related to short and long term loans as well as the rates charged. This is mainly in the form of cautious and restricted loan policies, as well as generally higher financing rates. Galindo and Schantiarelli (2003) indicate that this trend is particularly evident in developing countries, which results in restricting discouraging SMEs from seeking finance for banks and financial institutes Krasniqi (2007). Similarly, Ayyagari et al. (2006) find that in developing countries financing represents a major obstacle for SMEs growth.



Rocha. et al (2011) work in developing countries indicates that despite of financing issues differ from one country to another and also depend on type of business, overall access to external financing remains one of the most influential factors affecting SMEs growth in these countries.

According to Talebi and Tajeddin (2011) that SMEs growth, sustainability and business survival have high dependency on the availability of finance compared to larger organizations. Therefore, it can be generally considered that difficulties with access to finance represents a major obstacle to SMEs growth and success, and in many cases, is the main reason for business failure (Bouazza, 2015).

#### 2.7.5 Human Resources/Structure

Growth theory (Hoxha, 2009) indicates that the quality of human resources is directly linked to growth of organisations. Staff qualities in the form of good educational background, well trained and high experience are seen as complements to technology in having a positive influence on the firm's growth and sustainability (Hashi and Krasniqi, 2010). This view is supported by O'Mahony et al. (2008) who indicates that Human capital is a complementary factor to technology that affects productivity and performance.

To have a successful start all SMEs need appropriately skilled and trained labour Mahadea (2008). However, Olawale and Garwe (2010) indicate that skilled labour come at a high cost and even low skilled labour are normally protected with regulations that ensure minimum wage.

Well skilled and well- motivated workforce represent a major factor in SME.s

success in maintain growth (Bouazza, 2015). A skilled and well educated employee will have more learning capacity, be innovative and contributes to increasing the overall skills level and productivity of the workforce Batra and Tan (2003). Finding high-skilled labour in developing countries is a challenge for SMEs due to general lack of education of the population as well as competition from larger firms over the skilled labour market.

SMEs with good quality labour resources normally achieve higher success and growth levels (Becker, 1975). An SME manager entrepreneurial abilities can be highly enhanced buy support from a well skilled and educated workforce (Wiklund et al., 2007). This can be in the form of finding new innovations, identifying further and achieving total resources effectiveness (Chandler and Hanks,1994). Woszczyna and Pysz (2016) indicate that the quality of human resources and their advantage in an organisation are increasingly becoming the crucial factors of the growth. Consequently, the human resources occur to be the main asset of an organisation and often determine the competitive advantage of the organisation in the market.

#### 2.7.6 Technology/ICT

Nowadays technology plays an important role in in the existence of all businesses. SMEs are no difference and they rely on technology for their development and growth. Investment in IT technology in particular is regarded as crucial for SMEs success as it provides the necessary linkage within local and global supply chains that most SMEs are part of. Also, according to Smit and Watkins (2012) it is very important for SMEs to invest in latest IT in order to have the same level of technology, which is normally utilizes by the larger partners within the supply chain.

According to Morse et al. (2007), technology has many benefits for SMEs and as they contribute to improving efficiency, communications, production and resources management and help reduce cost. ICT has changed the way that the labour market operates significantly. The internet has reduced search costs for new jobs, creating a better match between employers and employees, as well as reducing the frictional rate of unemployment (WTO, 2013). Therefore, entrepreneurs can benefit from the internet very highly as they can do or search whatever they like that benefit them. An example may be checking up on their competitors, or reviewing new information on the economic market. The internet gives an unbelievable amount of opportunities for entrepreneurs. The internet also allows individuals to work or conduct business outside the office or company premises. It has become very complex for entrepreneurs to adapt to 21st century business opportunities as the emergence of new markets and competitors has added an extra spice to the business environment. They will have to use skills such as effective communication skills in order to get the right contacts, excellent innovation skills as they will have to keep being innovative on their product. Interpersonal skills such as time management and added extra responsibility will also have to be used in order for entrepreneurs to adapt to the new future trends that are occurring in the business environment. However, while dealing with these complexities, entrepreneurs are finding new ways to adapt to these future trends, and by this they are gaining more experience and knowledge; which will then assist in making them successful.

According to Wendel Clark (2012), SMEs in countries showing high levels of technology utilization have correspondingly higher level of growth than SMEs in lower technology countries. This is supported by Bouazza (2015)

who indicate that SMEs adopting high levels of technology tend to grow faster than others with lower technology utilisation. Furthermore, Woszczyna and Pysz, (2016) confirms that firms with visionary leadership committed to growth- driven goals for the business appear to be more likely to adopt and use ICTs, a finding concerning all measures of ICT adoption.

However, technology comes at high cost (Phillips and Wade, 2008), and therefore this issue is directly linked to the access for finance factor discussed earlier, which in turn is linked to the ability of the entrepreneur manger in securing it.

## 2.8 Conceptual Framework

The present literature review demonstrated the significance for company performance of strategic alliances and choosing the right markets and business activities on one hand, and flexibility, cost efficiency, innovations and value adding capabilities on the other. It established their important role in enhancing growth, especially in SMEs. The review shows company position in the supply chain and developing superior value-adding capabilities by companies are the main areas these factors can be addressed to and thus will be used as constructs in the following conceptual model. This furthers the model of Hong and Jeong (2006), as it considers both cost efficiency and innovations as coexisting in all companies. In the now proposed model, the extent to which both of these capabilities are developed is considered as a moderating factor for the value proposition of a company, which according to Lambert and Cooper (2000) links to enhanced growth rates.

The literature highlighted the critical importance of managers' qualities, traits and thinking models for the successful growth in SMEs, which influence the

abovementioned main organisational factors for growth. The most cited ones are managers' culture and motivations, strategic thinking and focus, customer and market orientation, sense for opportunities, higher proactivity and risk-taking, continuous learning and ability to implement and lead changes in their firms, their ability to work with people and form meaningful relationships. These can all be summed up under the notion of entrepreneurship and were found to influence the company position and its value adding ability and innovation. This outlines the indirect link between entrepreneurship and growth in SMEs. The fact that this relationship is scarcely covered by literature, leads to the formulation of the main research question of the present research- "How does entrepreneurship affect growth in SMEs?"

In this study, 'entrepreneurial management' is the inclination of a company's top management to take calculated risks, to be innovative and to display proactiveness in their approach to strategic decision making. The three factors of entrepreneurial management used in this study are interpreted as follows: <sup>[1]</sup><sub>SEP</sub>

- \* Innovativeness is the willingness of a firm to engage in and support new ideas and experimentation to create new products and services <sup>[1]</sup><sub>SEP</sub>
- \* Pro-activeness is the ability of a firm to foresee and act on future wants and needs in the market by establishing a first-mover advantage ahead of competitors <sup>[1]</sup><sub>SEP</sub>
- \* Risk taking is the willingness of a firm to use resources for projects where the outcomes are uncertain

Based on all the facts outlined in this literature review a conceptual framework for the growth of SMEs is formulated and presented in Figure 1. As it can be seen, there are many qualities gathered under the term entrepreneurship. These were thoroughly discussed earlier in this chapter. Some like leadership and the ability to form trustworthy relationships positively influence the position of SMEs, while others like learning orientation and change

management are closely related with innovation and the value adding capabilities of companies. In turn, the SC position and the value adding capabilities are arguably the main groups of factors positively affecting the growth in SMEs. This conceptual model outlines the indirect link between the qualities and capabilities of owner-managers and the growth of their companies and is a necessary step towards answering the question how entrepreneurship affects SMEs' growth. The forthcoming chapter will describe the methods used to investigate how entrepreneurial qualities of managers contribute to superior growth rates. Later the results of the study will be presented, analysed and discussed. As a result, a revised framework will be proposed and some conclusions and recommendations will be given.

The following factors define the scope of this framework:

- \* This framework only forecasts entrepreneurial leadership transformational and transactional leadership at the construct level, and does not separately examine the effects of the different types of behaviour that represent entrepreneurial leadership. [L] [SEP]
- \* The effects of leadership behaviour on employees and leadership outcomes such as satisfaction, extra effort and effectiveness are not observed. This framework only forecasts the perceptions of leaders regarding the effects of their leadership behaviour on growth and profitability. [L] [SEP]
- \* This framework focuses on SMEs in Oman in the various sectors industries only. [L] [SEP]
- \* This study acknowledges that there are other factors that might influence SME organisational growth. Besides entrepreneurial leadership. Other factors such as culture, strategy and sustainability issues have been discussed as affecting outcomes. But in the scope of this study, these factors are not included in the framework.

\* Research Propositions:

P1- Entrepreneurial leadership has an effect on SME growth by affecting factors such as supply chain position, supply chain partnership and negotiation power.

P2- Entrepreneurial leadership has an effect on SME growth by affecting External environment factors and Internal business factors.

P3- Entrepreneurial behaviour characteristics have an effect on SME growth by influencing value adding constructs such as innovations and cost efficiency.

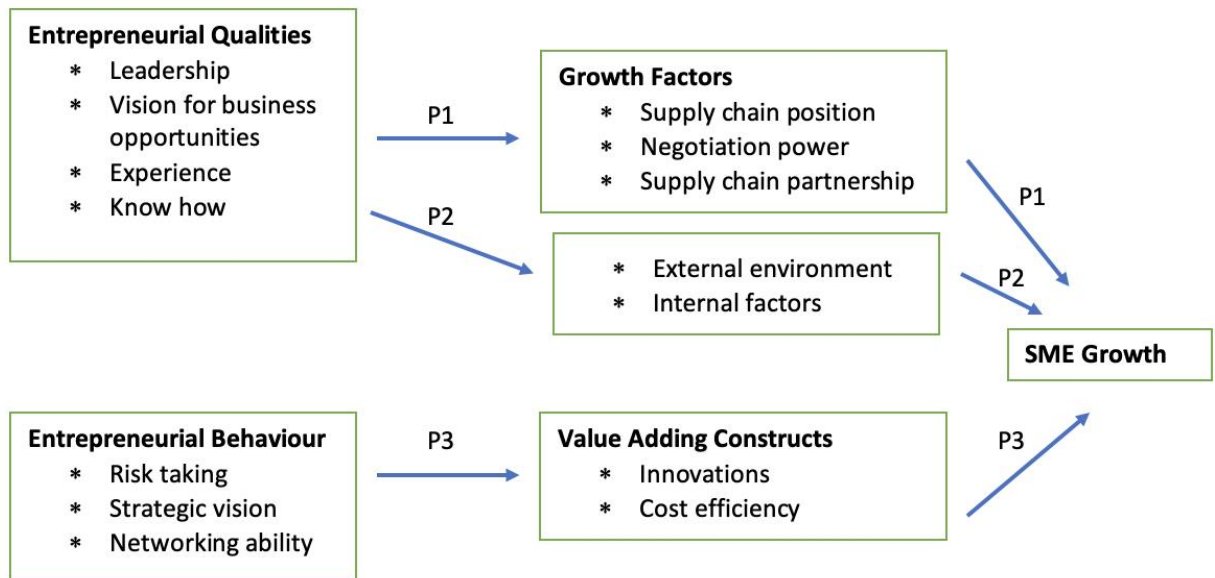


Figure 2.1 - Conceptual Framework

## 2.9 Summary

The literature review revealed that despite research on leadership behaviour has been widely conducted throughout the world, limited research has been done on leadership behaviour in small businesses and new ventures. Regardless of where the organisation is located and what it does, there is no denying that leadership is important for the success of any organisation. The chapter establishes that the success of a small business clearly relies on the leader's innovative ideas and their strong aspirations for business success, and other researchers have agreed that entrepreneurial leaders are very influential in shaping the organisational business direction. Finally, entrepreneurial leadership is an important strategic orientation of a firm, and the leadership behaviour of the firm's leaders is influential in projecting and strengthening this strategic orientation which can influence the firm's performance and growth. To confirm the research findings presented throughout this chapter, this study has examined the factors affecting growth in SMEs. The study also discusses the direct and indirect relationships between entrepreneurial leadership and the factors affecting performance and growth. The literature review leads to the development of a theoretical framework, which is going to form the basis for the following empirical research.



## Chapter 3

### Methodology

#### 3.1 Introduction

This chapter will describe the main options in terms of designing the research and will state the reasons for the choice of data collection methodology. The chapter will also describe the research process used for gathering the data, analysing it and drawing conclusions.

#### 3.2 Research Design

Saunders et al. (2015) divide research designs in three main categories - exploratory, descriptive and explanatory. Exploratory studies are used when little research has been conducted on the topic, and the aim is to look for new insights and better understanding of the problem's nature. On the other hand,

descriptive studies are more commonly used when the aim is to accurately gauge one or more variables related to the research topic and to build a profile on people, events or situations through factual data (Saunders et.al., 2015). Finally, explanatory research aims to explain causal relationships between two or more variables and looks at cause-and-effect links, making it more commonly associated with studying situations and problems (Rubin and Babbie, 2010).

The current research is explanatory in nature as it aims to study the interrelation between entrepreneurial qualities in managers and the factors from the supply chain perspective that affect growth. The factors for growth are already investigated by previous researches, the profile of entrepreneurs is also relatively clearly built and the role of this research is to provide an explanation on the way the identified factors influence growth in the setting of SMEs making the explanatory design a perfect fit for the objectives of this project.

### 3.3 Research Approaches

There are two main paradigms to consider when choosing research methods to study the social realities - positivism and interpretivism (Benton and Craib, 2001). The positivist approach assumes that behaviours can be studied objectively ignoring social differences and formulating hypotheses truth by reducing entire phenomena to already observed findings (Johnson, Onwuegbuzie and Turner, 2007), which are then tested assuming a deductive approach (Bryman and Bell, 2007). Alternatively, interpretivism "is used to group together diverse approaches...that reject the objectivist view that meaning resides within the world independently of consciousness" (Collins,

2010, p. 38), which acknowledges the existence of differences in the social environment and aligns it with the inductive approach (Bryman and Bell, 2007). These two paradigms naturally lead to the development of two groups of methodologies in social sciences that reflect them and are widely used in research - quantitative and qualitative, one accepting the qualities of quantifiable survey data and the second acknowledging the power of detailed observational data.

Deductive approach	Inductive approach
<ul style="list-style-type: none"> <li>• Mainly used in scientific studies.</li> <li>• Tests existing theory/ model/ framework.</li> <li>• Mainly tests causal relationships;</li> <li>• Validity of data is critical.</li> <li>• Researcher is neutral to the process of collection and analysis of the data</li> <li>• Data collection and analysis is done in structured manner</li> <li>• Researcher remains independent of the research.</li> <li>• Findings can be generalised across the population.</li> </ul>	<ul style="list-style-type: none"> <li>• Aimed at developing a new theory/ model/ framework.</li> <li>• Suitable for social science research looking at human perception and behaviour.</li> <li>• Research process is flexible.</li> <li>• Researcher is an active participant of the research process</li> <li>• Quality of findings somewhat depend on the knowledge and skills of the researcher.</li> <li>• Research context is critical as findings are applied in context and are not generalised.</li> <li>•</li> </ul>

Table 4.1: Deductive vs. Inductive Research Approach. Source: Saunders et al. (2015)

### 3.4 Research Paradigms

Research paradigms can be defined as 'universally recognised scientific achievements that for a time provide model problems and solutions to a

community of practitioners' (Kuhn, 1962, p.viii). Hussey and Hussey (1997, pp.47) asserted that the term 'research paradigm' refers to 'the progress of scientific practice based on people's philosophies and assumptions about the world and the nature of knowledge'. In addition, Collis and Hussey (2009) suggest that a research paradigm should be considered as a philosophical framework, guiding how scientific research should be conducted. It is important to understand the research-particular paradigm because this determines the entire direction of the research project. Thus, our fundamental beliefs about the world will be reflected in the methods adopted to design the research, collect and analyse data and the way the thesis is written (Hussey and Hussey, 1997).

Two main paradigms are common within the social science disciplines: positivism and interpretivism (phenomenological) (Collis and Hussey, 2009). While the positivism paradigm generally seems to be quantitative, objective, scientific and traditionalist, the interpretivism paradigm seems to be qualitative, subjective, humanist and phenomenological (Collis and Hussey, 2009). Table 4.1 illustrates the differences between positivism and interpretivism approaches.

Positivism	Interpretivism
Quantitative	Qualitative
Objective	Subjective
Scientific	Humanist
Traditionalist	Phenomenological

Table 4.2 Approaches within the two main paradigms. Source: Collis and Hussey (2009).

According to Collis and Hussey (2009, p.56): 'Positivism is a paradigm that originated in the natural sciences. It rests on the assumption that social reality is singular and objective, and is not affected by the act of investigating it. The research involves a deductive process with a view to providing explanatory theories to understand social phenomena.'

Blumberg, Cooper, and Schindler (2008) propose that positivism is a research philosophy based on natural science with three basic principles:

- \* The social world is external and can be viewed objectively
- \* Research is free of values
- \* The researcher, takes the role of an objective analyst and is independent

It provides a framework for conducting research in the natural world and these scientific methods are still readily used within social science research (Collis and Hussey, 2009). Positivists believe that research should be carried out in a scientific manner (Wilson, 2010). Furthermore, positivist researchers attempt to detach themselves from what they are seeking and instead investigate the phenomena as objects. It is also described as a highly structured and deductive approach which seeks to explain the casual relationships between variables using quantitative data. Although a highly-structured design may impose certain constraints on the research results, ignoring certain relevant and interesting findings (Hussey and Hussey, 1997), it does provide a precise and defined theoretical focus for the research, allowing greater opportunity to maintain control of the research process.

The interpretivism approach, on the other hand, is: 'A paradigm that emerged in response to criticisms of positivism. It rests on the assumption that social reality is in our minds, and is subjective and multiple. Therefore, social reality is affected by the act of investigating it. The research involves an inductive process with a view to providing interpretive understanding of social phenomena within a particular context.'

As opposed to positivists, interpretivists propose the concept of a social world in which research principles adopted from the natural sciences cannot be explained by application, but instead an alternative research philosophy is needed for social sciences (Blumberg et al., 2008). The essential principles of interpretivism are:

The social world is developed and it is subjectively given meaning by people. [L]  
[SEP]

The researcher is a part of what is perceived. [L]  
[SEP]

Research is directed by interests. [L]  
[SEP]

Overall, interpretivists see the world as complex and open to interpretation. Such interpretation of their findings leads to issues relating to reliability (Wilson, 2010). These research paradigms or philosophies are directed by conflicting and diametrically opposed philosophical factors, which include ontological, epistemological, axiological, rhetorical and methodological assumptions as described below (Creswell, 1994): [L]  
[SEP]

The Ontological Assumption. The ontological assumption is based on the nature of reality:

Positivists perceive social reality as objective and external to the researcher.

Thus, there is only a single reality, whereas interpretivists consider it to be subjective as it is socially constructed. Therefore, everyone has his or her own sense of reality, leading to the existence of multiple realities.

The Epistemological Assumption. The epistemological assumption is concerned with what is accepted as valid knowledge. This involves an understanding of the relationship existing between the researcher and the subject under research:

Positivism is based on the belief that only phenomena which can be observed and measured are considered to be knowledge, and positivists try to maintain an independent and objective position. In contrast, interpretivists attempt to reduce the distance between the researcher and the subject of research, and are often involved in a number of different forms of participative enquiry. This polarity that is present between the two approaches has been described by Smith (1983, pp 10-11) who argues that, 'in quantitative research facts act to constrain our beliefs; while in interpretive research beliefs determine, what should count as facts'.

The Axiological Assumption. The axiological assumption deals with the role of values:

Positivists believe that the process of research is value-free. Positivists, therefore, feel detached and independent from the subject under research and consider as objects any phenomena that are under investigation. Positivists are also keen to explore the relationships between the objects under study, believing that these objects existed before they showed any interest in them. Moreover, positivists consider that the objects under study are not affected by

the research activities and will remain present once the study has been completed. Such assumptions are readily accepted in research studies within the natural sciences, yet they are harder to apply to the social sciences because they consider activities and behaviours of people. Many studies have shown that the process of inquiry has an influence on researchers, as well as on those involved in the research. However, interpretivists believe that researchers have values that may have been made explicit and that may help them determine what is fact, as well as what interpretations may be drawn. Most interpretivists believe that the researcher is involved with the subject being researched.

**The Rhetorical Assumption:** The rhetorical assumption relates to the language of research:

In a positivist study, it is common practice to write in a formal style with a passive voice. On the other hand, for an interpretivists study, the position is not as clear with the preferred style reflecting the immediacy of the research, as well as the researcher's involvement.

**The Methodological Assumption:** This assumption is concerned with process of the research:

A positivist approach generally considers theories and hypotheses, testing them to determine which can be identified a priori and then empirically in order to determine any causal relationships between variables. This is done to either uphold or refute the theory under investigation. On the other hand, in the interpretivists approach, an inductive approach is adopted, with the logic of framing the research seeking to build "emerging theories" where categories



or theories are constructed or developed from empirical observations. Table 4.2 shows the assumptions of these main paradigms and is adopted from Creswell's (1994 and 1998) work.

Philosophical assumption	Positivism	Interpretivism
Ontological assumption (the nature of reality)	Reality is objective and singular, separate from the researcher.	Reality is subjective and multiple, as seen by the participants.
Epistemological assumption (valid knowledge)	Research is independent of that being researched	Researcher interact with that being researched
Axiological assumption (the role of value)	Research is value-free and unbiased.	Researcher acknowledges that research is value-laden and biases are present.
Rhetorical assumption (the language of research)	Researcher writes in a formal style and uses the passive voice, accepted quantitative words and set definitions.	Researcher writes in an informal style and uses the personal voice, accepted qualitative terms and limited definition.
Methodological assumption (the process of research)	Process is deductive. Study of cause and effect with a static design (categories are isolated beforehand). Research is context free. Generalisations lead to prediction, explanation and	Process is inductive. Study of mutual simultaneous shaping of factors with an emerging design (categories are identified during the process). Research is context bound. Patterns and/or

	understanding. Results are accurate and reliable through validity and reliability.	theories are developed for understanding. Findings are accurate and reliable through verification.
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Table 4.3: Assumption of the main paradigms. Source: Creswell (1994)

The methodological assumption, which deals with the research process, is different depending upon which of the positivism or interpretivism research approaches is adopted.

Positivistic approaches are generally concerned with theory testing. Theories and hypotheses are identified and then tested empirically to determine any causal relationships between tested variables. This might lead to either upholding or disproving the theory's investigation. Interpretive approaches, on the other hand, follow the inductive approach or the logic of framing the research, seeking to develop "emerging theories", in which categories or theories are developed or emerge from empirical observations.

This research aims mainly to derive a conceptual model to explain the interrelationships between KM processes and some important selected measurements of organisational performance. It outlines some initial correlations that will be tested more deeply in later stages to develop a model that is appropriate to explain the issue of KM processes and their effect on OP within a specific context. The scarcity of the available studies concerning this research topic within the developing countries motivated the researchers to conduct a preliminary study to build such model. Accordingly, this research adopts elements of both deductive and inductive approaches. Schutt (1996) distinguishes between inductive and deductive research and claims that

deductive research proceeds from general ideas (usually existed theories), deduces specific expectations from these ideas and tests the ideas with empirical data. Conversely, inductive research begins with specific data to develop empirical generalisations or theories to explain the data about the reality of particular context. However, deductive and inductive research strategies are useful to understand the relationship between theory and research. Within the field of social research, the distinction between these strategies is difficult to make because each of them is likely to entail some elements from the other. Based on this, one can argue that social research, in its nature, tends to be deductive and inductive at the same time: whether we start from theory to explain reality or start from exploring empirical realities to develop theory, we still have an impact on the reality or theory used. This impact (reflection and perception of the situation by the researcher) could produce either a new theory (inductive) or a revised theory through reflecting the researcher's own findings that are built on an existed theory (deductive). This research starts with extensive review of the available relevant literature with the aim of generating a conceptual model which goes with the nature of deductive approach. Then, the conceptual model is tested using interviews method in order to verify the proposed model which goes with the nature of inductive approach.

Both positivist and interpretivist approaches may work well together to explore a particular issue in what is called the triangulation methodological paradigm (Bryman, 2001). The selection of a particular research approach is determined by the situation in which the research is conducted, the level of accessibility available for the researcher, and the issues that are being researched. This research will adopt the triangulation paradigm, in which

aspects of both positivistic and interpretivist paradigms will be used. This research demonstrates the main aspect of both deductive and inductive approaches. The research variables are mainly derived from the available studies and re-tested within the context of AI where the scarcity of the available studies has been a major concern. Retesting of the relatively large number of variables within this context is expected to provide a foundation for a new theory describing the most important KM processes within this context, as well as their effect on OP. This means that the variables generated from the available studies are not taken for granted, but have been used as a conceptual model for KM processes. This conceptual model is expected to be reformed, based on the data that will be gathered from the research population to improve their suitability for the context of AI.

#### 3.4.1 Quantitative Research

Quantitative studies focus on obtaining numerical data that can be analysed through statistical means (Bryman and Bell, 2007). Quantitative research methods require quantifiable data involving numerical and statistical explanations. Usually researchers have a clear idea about the topic at hand and are better able to identify significant propositions that are consequential (Westerman, 2006). This allows researchers to better utilise the deductive process and list relevant hypotheses (ibid.), and by knowing what data they need, to make data collection more focused. Quantitative researchers then rely on surveys and experiments, which are considered more efficient in data collecting and better suited for testing hypotheses (Bryman and Bell, 2007). However, (Onwuegbuzie and Leech, 2005) argue that the positivist approach disregards biases coming from researchers themselves and contrary to qualitative methods, quantitative research may miss contextual details by

confining hypotheses only into what is already known. This is why some theorists argue it is less applicable in social sciences (Gall, Gall and Borg, 2003; Barr, 2006).

### 3.4.2 Qualitative Research

Qualitative methods on the other hand are aimed at collecting deep and detailed information aimed at understanding of social phenomena and the underlying reasons for behaviours (Bryman and Bell, 2007; Collins and Hussey, 2009). Qualitative research accumulates non-numerical data and aims to draw a detailed opinion from the participants, giving researchers a deeper view of behaviours in a natural setting without the bias from the artificial nature of experimental or survey research (Bryman and Bell, 2007). There are several qualitative data collection tools, like focus groups, observations, content analysis and in-depth interviews. These bring rich information, because the interaction between the researcher and the subjects is longer and allows better contextual understanding, making it invaluable for exploratory and explanatory research (Goffin, Lemke and Szwejcowski, 2006).

Nevertheless, there are several potential downsides of qualitative research. First, the collection, analysis and reporting of qualitative data is time consuming, compared to either survey or secondary data enquiry (Atkinson and Delamont, 2006). Second, data collection is prone to influence by the personal values of researchers and participants, so data needs to be coded, analysed, and interpreted within this context and with those influences in mind to avoid bias (Creswell, 2003). Finally, the bonding to the context and the use of small data-samples makes qualitative results difficult to generalize (Stake,

2005). Thus, moving from those data to general theory often needs further investigation.

Dimension	Quantitative Approach	Qualitative Approach
Purpose	Prediction and control	Understanding
Reliability	Stable-reality is made up of facts that do not change.	Dynamic-reality changes with changes in people's perceptions.
Viewpoint	Outsider-reality is what quantifiable data indicate it to be.	Insider-reality is what people perceive it to be.
Values	Free-values can be controlled.	Value bound-values will impact on understanding the phenomenon.
Focus	Particularistic-defined by variables studies.	Holistic
Orientation	Verification	Discovery
Data	Objective	Subjective
Instrumentation	Non-human	Human
Conditions	Controlled	Naturalistic

Results	Reliable	Valid: the focus is on design and procedures to gain real, rich and deep data.
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Table 4.4: Quantitative vs. qualitative research. Source: Jarratt (1996)

Figure 3.1 represents a visual image of the research process, also known as the ‘research onion’ created by Saunders et al. (2012), which summarises the various approaches and elements that can be used in the creation of a research methodology.

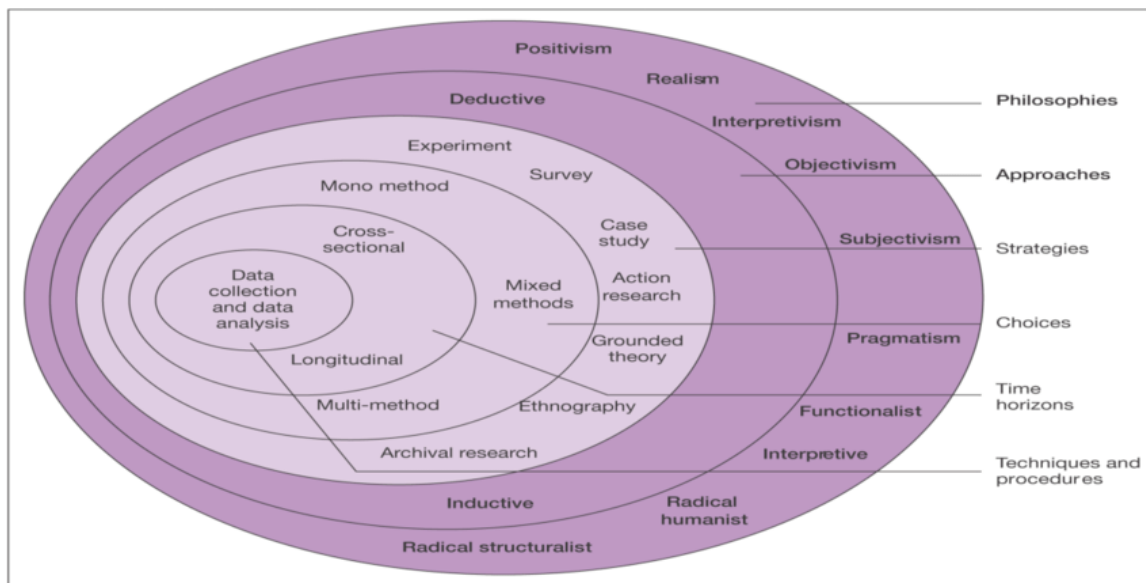


Figure 3.1: The research onion. Source: Saunders et al. (2012)

### 3.4.3. Choice of Research Approach

The analysis showed that qualitative research designs are better suited for exploratory research and theory building when the research topic is relatively unexplored, while quantitative methods were proved to bring better results in verifying theories and finding relationships between different variables

(Reichardt and Cook, 1979). For these reasons, the researcher assumes an interpretivism point of view. The approach was chosen, since the topic at hand was found to be understudied, which means theory will need to be drawn by the researcher from the realities of the business environment. Furthermore, the aims of this research call for deeper investigation on casual links between the variables related to growth in SMEs. This leads to a need for detailed study on actual managers in SMEs to provide richer data and contribute to the literature with meaningful insights, which naturally leads to the choice of qualitative methodology. Data collection and analysis tools will be discussed later in this chapter.

### 3.5 Data Collection

When it comes to data collection, a researcher can choose from primary sources or secondary sources. Walliman (2005, p. 157) defines primary data as, “data observed, experienced or recorded closest to the event”, while secondary data is data that has been collected in the past by others and is readily available (Bryman and Bell, 2007). Data was collected from both sources.

#### 3.5.1 Primary Data

This research relies heavily on detailed primary research, because it is of explanatory nature and the analysis will be mostly grounded in the data collected. Moreover, there is scarcity of research on the influence of managers and their entrepreneurial qualities on the growth of SMEs, especially within the supply chain paradigm. Thus, it is imperative to gather first-hand information for achieving the aims of the study. Bryman and Bell (2007)



outline a number of methods for collecting primary data like using interviews, questionnaire surveys and focus groups.

Interviews are seen as most appropriate way to acquire data for the purpose of this study. There are three types of interviews according to (Bryman and Bell, 2007): structured interviews, semi-structured interviews and unstructured interviews. They also posit that structured interviews are mostly used in quantitative methods, which are not applicable to the research at hand. Alternatively, unstructured interviews result in qualitative data, but are similar to conversations and are often done simultaneously with observations giving very rich data (Bryman and Bell, 2007). However, the limited time and other constraints don't allow their use by the researcher. Finally, semi-structured interviews are most widely used for qualitative research and provide sufficient freedom for participants to express themselves and provide as much details as possible (DiCicco-Bloom and Crabtree, 2006). At the same time, researchers keep control on the conversation and can guide it through a list of predefined open-ended questions and other questions, if such arise from the dialogue (ibid.).

The present research is sharply aimed at the role of entrepreneurial qualities in managers for growth, so the researcher needs to be able to guide the interview in that direction. Nevertheless, deep and detailed data is needed to provide meaningful insights. Consequentially, semi-structured interviews are most appropriate to fulfil these needs and were chosen as data-collection method by the researcher. The process of sampling and choosing participants will be discussed later. In the current case nine semi structured interviews with a length of no more than 40 minutes were conducted. They were based on

open questions aimed at revealing information about each of the main aspects of entrepreneurship, outlined in the conceptual model.

#### 4.5.2 Interviews

Collis and Hussey (2009) stated that interviews are a means for data collection in which interviewees are chosen and asked a number of questions to determine what they do and how they think or feel. Most interviews fall somewhere between structured and unstructured interviews. A structured interview uses a questionnaire conducted by an interviewer who does not deviate in the slightest from the questions that have been prepared beforehand. However, this form of interview is not common among researchers who prefer to use unstructured interviews that enable them to get further details and discussion about the issue under study. Usually, a researcher has some issues to be raised in the interview beforehand but these issues are not structured as formal or restricted questions.

An interview is viewed as a mid-point between methods of structured research, such as questionnaires and those that are more in-depth, which include participant observation. It also may provide greater depth and understanding of the social world as it gives a researcher the ability to take the discussion further and explore some issues in more detail. It is also seen as a useful method for generating original hypotheses and theories that the researcher may not have considered. However, interviewees can be influenced by the researcher's presence, especially when the issues raised involve providing personal information (Haralambos and Holborn, 1991). This, however, may not be true if these issues are general and have no impact on the interviewee's personal situation.

### 4.5.3 Type of Interviews

There are different types of interviews, including personal interviews (face-to-face), computer interviews (email or video conference) and telephone interviews. Structured interviews used (which involve a set of questions which the interviewer asks in a fixed order and form), as well as unstructured interviews (which involve questions that are not fixed in nature but that can be compiled as the interview takes its course) (Collis and Hussey, 2009). Semi-structured interviews fall in between structure and unstructured interviews.

Within the context of this research, interviews were conducted personally (face-to-face), alongside semi-structured and unstructured interviews which were selected randomly from the research population. Semi-structured interviews are used in particular to enable the gathering and sifting of in-depth details and discussion concerning the issue under study. They are seen as a flexible way to extract simple factual information from people (Haralambos and Holborn, 1991).

### 4.5.4 Why Select the Interview Approach?

The interview approach enables both the interviewer and interviewee to interact with one another and to share their experiences, thus enabling the researcher to understand any observed behaviour, actions, impressions and opinions of those from their own frame of reference (Fontana and Frey, 1998; Ackroyd and Hughes, 1992). Hussey and Hussey (1997) stated that the benefit of using semi-structured interviews is their flexibility, allowing the researcher to prepare and order the questions in a way dictated by the prevailing circumstances rather than being restricted by very specific questions.

However, semi-structured or unstructured interviews have some weaknesses of which the researcher needs to be aware when gathering data. The researcher should bear in mind that recent events may affect the interviewee's responses; for example, he/she may have recently have received news of a salary increase, a cut in hours, or misfortune for a member of the family (Collis and Hussey, 2009). In addition, interviewees might not be familiar with the subject, or they might give an unreliable or inaccurate response.

### 3.5.5 Limitations of Interviews

There are some limitations of interviews which may arise in this research and hence need to be addressed. Firstly, it is essential that the respondent and interviewer are personally comfortable with each other. Therefore, each interview will begin with a 5 minutes interaction where the interviewer and respondents introduce themselves and ask questions about each other's background and interests. The researcher will start the interviews only after he is assured that the interviewee is comfortable.

Some interviewees can be expressive and express higher "expert power" due to their personality, talking style, knowledge, education or some other factor (Seidman, 2015). The interviewer should evaluate the willingness of individuals to speak. In cases when interviewees are forthcoming with useful information, it is intended that the researcher will take a back seat and let the interviewees provide the information. For interviewees who do not seem to share a lot of information, the researcher will try to motivate them by providing possible scenarios. Furthermore, the researcher will try to raise contradictory arguments in order to motivate interviewees who may have had alternate views but may not have spoken.

The researcher will also carefully monitor the conversation to make sure that it remains focused on the topic under consideration. Whenever the discussion drift away from the topic, it should be brought back to the research topic by asking relevant questions.

### 3.5.6 Other Interview Considerations

**Data Quality:** In interviews one of the biggest concerns is the quality of data. The researcher will ensure that each respondent provides sufficient information about each and every question. Every respondent will also be that the researcher does not intend to collect or use any incriminating information and that and related information will remain completely anonymous. In addition, it is intended to transcribe as much information as possible including the expressions of the individuals as Corbin and Strauss (2008) advocate to achieve maximum information surrounding the collected data.

**Reliability and Validity:** Reliability and validity of data is a key consideration in any research. In order to achieve methodological coherence, the researcher will ensure that all the respondents have a good overview of the discussion as well as ample time to prepare their responses by providing them with the sample questions at least a week in advance. Adequate explanation of key terms used in the discussion will be provided and all respondents will be asked if they have any questions before the beginning of the interview.

### 3.5.7 Hardware and Software Employed

Researcher used two audio devices for recording in this research. First and foremost was a Panasonic audio voice recorder with a capacity to record 25 hours of audio and a battery life of 10 hours. This was bought brand new which meant there was no existing data on the device. Researcher tested the

device in 3 different sessions of 5 minute each to make sure that the device worked adequately. Second device was an iPhone 6S which has a voice recording feature. This device was also tested prior to be used in the interviews to ensure adequate functionality.

After the completion of the interviews, researcher used Dragon Speech recognition software for transcribing the audio files. This software allows conversion of audio to text. The transcripts were also manually reviewed three times to alter any mistakes as the software does not give a perfect transcription.

### 3.5.8 Conducting Interviews

There are primarily six stages of interviews: forming questions, identifying respondents, collecting data are the three stages which relate to data collection. The remaining three stages are data analysis stages: preparing, analysing and interpreting data (Seidman, 2015). These six stages for this research are discussed below:

- Forming Questions:

The first and foremost aspect of any interview is forming the right questions. The questions need to be clear and to make sure that it is understood in the same manner by all the respondents. Researcher can choose to provide detailed questions explain the kind of information that he/she is seeking. There are several different constructs in this research. Researcher prepared one question for each of the constructs. Researcher however, chose to ask the questions only when sufficient data was collected for the previous construct. In addition to the primary questions some additional questions were asked

when researcher believed that some more information is required for clarification purposes.

### 3.6 Documentary Sources

This is the second method that will be used in this study to complement the interview method. According to Saunders et al., (2007) the use of documentary secondary data in research projects is often with primary data collection methods. Erlandson, et al. (1993) described this method as 'the broad range of written and symbolic records as well as any available material or data'. Documentary sources include collection of secondary data published or unpublished such as written material (e.g. notices, correspondence, reports, diaries, journal and magazine, books, and newspaper) or non-written material (e.g. video recording, pictures, films and television programmes (Robson, 2002), DVDs, Blue-ray, and CD-ROMs). Access to the records and data of an organisation is a key issue for secondary research as these may be unsuitable or inadequate in the context of the problem under study.

### 3.7 Secondary Data

Secondary sources have also been used and need to be acknowledged. Although this research uses an inductive approach to study relationships, a detailed literature review was needed to identify the main variables in the area of interest. As a consequence, the study involved a considerable amount of data collection and analysis from academic books, research papers, journal articles and public reports derived from the library resources of Brunel University. Bryman and Bell (2007) argue these are highly dependable sources of information on business topics. Materials related to supply chains, drivers of growth in companies of various sizes and the different managerial

skills and qualities related to entrepreneurship have been considered and analysed in great detail, in order to provide sufficient proof of their importance for SMEs' growth and the links between them.

### 3.8 Data Analysis

The data collected from the interviews is transcribed thoroughly so it would be easier to analyse. Content analysis is conducted based on the qualitative dataset. Content analysis is "an empirically grounded method, exploratory in process and predictive method or inferential in intents [and]... transcends traditional notions of symbol, contents and intents"(Inamadar, 2015). The primary data in the form of interview transcripts was then coded in accordance with the areas identified from the literature review with the help of the software package NVivo 10. The factors outlined in the conceptual model from Chapter 2 are coded as preliminary themes. For entrepreneurship, the themes were: Experience, Leadership, Sense for opportunity, Risk-taking, Learning orientation, Strategic thinking and networking. For growth factors they were: SC position, represented by market position, SC relationships and Negotiating power; and Value Adding capabilities, represented by Cost efficiency and Innovations; Relevant data was categorised under these themes and then the coding process gets repeated to deepen the analysis, identify any additional themes and provide a better understanding of the data. Finally, the results that occur in all themes are analysed for consistencies, differences or similarities between the different interviews and relationships between the themes themselves.

### 3.9 Sampling



The target population for the study are owners-managers of Omani SMEs that operate in a supply chain context, regardless of the industry, as entrepreneurship as a phenomenon is not inherent to particular industries only. Moreover, the inclusion of firms from various backgrounds will improve the generalisability of the results and conclusions. Sampling is approached from a non-probability angle, where subjects were chosen specifically by the researcher (Bryman and Bell, 2007; Silverman, 2010). Bryman and Bell (2007) also identified four sampling methods: purposive, quota, convenience and snowball sampling. Convenience sampling relies on subjects readily available to the researcher (Bryman and Bell, 2007) and is utilised because of the context of the research project sponsoring this PhD work so only companies based in Oman are chosen. Moreover, Oman was chosen for this research as it is considered a developing country, which means results will be valid for companies in the region, but will need further testing in other developing countries to generalise them. Furthermore, purposive sampling should focus the efforts of the researchers on growing SMEs working in supply chains, as it is the most effective way to meet the research objectives and answer the research question (Saunders et al. 2009). The number of respondents is chosen in accordance with Guest (2006), who found that the minimal number of interviews needed to achieve saturation is six, whereas twelve interviews provide satisfactory amount of data that is thick enough. However, for this research, the chosen number is 30 due to the ample availability of participant SMEs, as well as to achieve a high level of representative data.

### 3.9.1 Case Selection

The data collection stage started by first looking at suitable SME cases within the context of Oman available for the study. The main criteria used for the selection was accessibility, sector representative, clear ownership/leadership position and clear role/position in an existing supply chain.

After the University's ethical approval was received key managers-owners in the selected SMEs were contacted to establish formal communication and request for conducting data collection in the form of interviews and document observation. Out of 45 organisations contacted, 25 agreed to take part and granting access for interviews and observations.

### 3.10 Ethical Considerations

Ethical Issues: This research involves collecting information from human participants and hence ethical issues are to be considered. This involves aspects such as disclosing complete and true information about the research and data collection process to the participants (Barbour, 2007). Furthermore, ethical principles are highly important in any research. Data and privacy protection, informed consent and confidentiality of information are key concerns that need to be taken care of (Bryman and Bell, 2007). These are handled with great caution in the course of research. The participant information sheet clearly states the purpose of this research and the commitment to confidentiality. In addition participants will be informed of their rights of voluntary participation and freedom to withdraw (Flick, 2007). Informed consent will be obtained from the respondents before conducting the interviews. It will also be confirmed that the participants have no objection to the interviews being audio recorded and informed them of the placement of two audio devices. Personal details of the respondents like address and phones

will not be asked and even the names of companies and participating managers will be coded to ensure complete confidentiality. The guidelines of the Brunel Business School Research Ethics were strictly followed during the course of the research.

### 3.11 Limitations

The sample itself is geographically limited to the research context (Oman), which might put under question the validity of findings and conclusions across other geographical areas.

### 3.12 Summary

This chapter has provided a review of the philosophical stances and diverse research paradigms associated with research generation, and the wide range of methods available to assist primary data collection. Selecting philosophical approaches, paradigms and methods that are properly aligned to the aims of specific research is essential. The outcomes of this selection process represent the foundation of robust research.

To achieve the aim of this study, a qualitative research approach has been adopted using a multiple case study strategy. Data were collected mainly from 25 SME organisations in Oman through extensive face-to-face interviews with senior managers/owners. This research is particularly well-suited to the interpretivist's standpoint, given its emphasis on understanding a social phenomenon via the meanings that those associated with it derive.

## Chapter 4

### Results Analysis and Discussion

#### 4.1. Introduction

This chapter will present the results extracted from the data and provide analysis for them. It aims affirm the importance of variables related to growth by earlier chapters and to identify their links with entrepreneurship. This chapter reveals how entrepreneurial qualities and behaviours affect the moderators of growth by analyzing and interpreting the way interviewees have linked them.

#### 4.2. Coding Scheme

Coding was done in a way that guarantees anonymity to participants. The first company was named Company '1' and its manager respectively Manager 'M1', where all following company managers were coded with Manager 'M2', Manager 'M3' and so forth. The companies involved in this research represent various industries and sizes within the Omani SME sector, ranging from 10 to 190 employees. The respective details for each of the 25 participating SMEs are shown in Table 4.1. The companies' life span range from 1 year 20 and each of them has experienced different level of growth in their assets during the last year(s). The fastest growing firm is Company '5', while the slowest is Company '21', which is also the smallest in the sample. Also, companies differed in the SC position and the sector they operate in, which provides considerable scope of the data. The analysis results from the interviews are presented next.

Company	Sector	No. of Employees
1.	Electrical and Electronic Equipment	58
2.	Construction	113
3.	Logistics	76
4.	Construction	97
5.	Construction- Road Building	180
6.	Steel fabrication	121
7.	Chemical and Chemical Products	42
8.	Food products- Dairy and Fruit juices	127
9.	Food Products- Organic	21
10.	Freight Forwarding	58
11.	Food Products-Sweets	24
12.	Service- Restaurants	73
13.	Printing	27
14.	Logistics- Movers	41
15.	Education Music	33
16.	Landscaping	54
17.	Warehousing and Suppliers	45
18.	Manufacturers – Radiators and Cooling Systems	49
19.	Distributors-Cooling systems	32
20.	Suppliers- Pumps	21
21.	Educational Consultants	17
22.	Healthcare	190
23.	Stationery	38
24.	Medical Supplies	36
25.	Construction	102

Table 4.1 Company profiles

### 4.3. Analysis and Discussion

The interviews provide rich data for analysis and allowed better insight into the topics of growth and entrepreneurship. Fig.4.1 shows the intersection of coding between those two themes and the theme of growth.

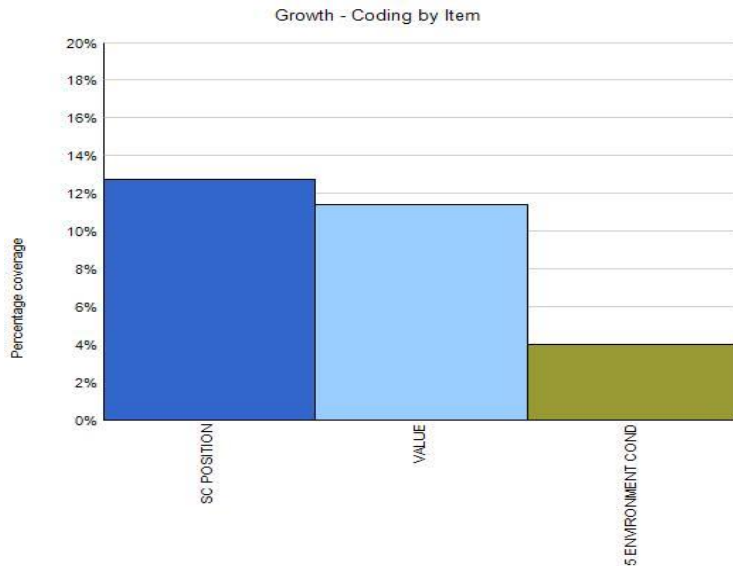


Figure 4.1. – Density of coding intersection

Growth is clearly related in the interviews to both the firms' supply chain positions and their value adding capabilities. The strong common ground the notion of growth shares with companies' position and value adding in the interviews is in line with the literature and is sufficient to infer their connection in fact exists.

#### 4.3.1. Entrepreneurship and leadership

Interviewees genuinely agreed with the inclusion of all factors of entrepreneurship from the conceptual framework. However, when asked what the critical elements of entrepreneurship are they answered differently. M1 stressed on optimism, ambition and innovation; M20 emphasised on risking and leadership; M3 linked entrepreneurship with learning orientations and persistency; M5 pointed out innovation, risk-taking and a positive mindset; M18 stated ambition and expertise are important, M20 stressed that contacts are critical; M23 posits dedication, continuous learning and a sense for opportunity are key; M11 stated being informed and flexible in decisions and

paying attention to people are important; M22 stressed the role of contacts and networking; MI said expertise, strong motivation and honesty are of utmost importance. This outlines expertise, contacts, risk-taking and optimism and ambition as most widely applicable and important.

Based on the interviews, most respondents (22 out of 25) demonstrated that they had the characteristics of entrepreneur leaders. Each factor of leadership emerged from the interview data. These characteristics were evident through the participants' relationships with their employees and the ways they operated and managed their organisations.

Eight respondents gave indications of possessing the idealised influence quality. Some of them talked about how important it was for them to instil trust and gain respect from their employees. They mentioned that when employees believe in the company's vision and trust their leader, they are willing to do more for the benefit of the organisation. One of the indicative remarks was:

*'I must pass on the right attitude of work to all level of colleagues and sales staff. Only when people feel that you are truly here to work, in return they will give you their full-hearted support'* (M1).

The second factor observed was inspirational motivation. Eight respondents seemed to possess this leadership quality. By being able to communicate clearly on the things that need to be done, they keep their employees motivated. The employees are then willing to invest more effort in their tasks, they feel optimistic about the future and believe in their abilities. One notable remark was:

*‘In a setting like mine, we try to make sure that this is not really a job. This is a career for them. When you work, you have to make sure that the company sustain or even excel in its own business. They are responsible to make sure that the company excel. They know that. So I believe that these people in my setting right now are capable and they are willing to spend more time to make sure that company excel’ (M5).*

Remarks by most of the other interviewees also indicated that as inspirational motivators, they tried to communicate high expectations to employees, to challenge them to meet high standards and to provide meaning for the task at hand.

Besides displaying significant instances of entrepreneurial and transformational leadership, some of the respondents also provided significant examples of leadership characteristics. One interviewee (M6) referred to maintaining a good work system in his organisation when he said that *‘We try to document everything that we do, so that it will be easier in the future’*. Respondent 9 said, *‘Every morning, we have our morning assembly at 8.30 a.m. During this assembly, I will highlight to them what need to be accomplished because we are always involved with R&D’*. These comments show that some of the respondents focus on maintaining the status quo in the organisation and tend to be directive and action-oriented, which are attributes of managing leaders (transactional) leaders.

*‘I try to closely monitor what is going on within my organisation and I have to keep a close relationship with my employees’ (M9).*

The significant positive relationship reported between the entrepreneurial



leadership and organisational performance measures of this study are consistent with the results of studies conducted by Abdul Aziz et al. (2013).

Also, one of the important findings of this study is that entrepreneur leadership has a stronger effect on organisational performance than managerial leadership does. This outcome supports the findings of Lowe et al. (1996), Gardner and Stough (2002) and Abdul Aziz et al. (2013) and it is consistent with other studies in Western countries (Elenkov 2002; Howell and Avolio 1993; Bass 1997). Most importantly, this outcome is consistent with Bass's Full Range Leadership model (Bass and Avolio 1997, 2004; Bass 1996, 1999). All these studies concluded that entrepreneur leadership has a stronger influence on the productivity, performance and growth of a firm than managerial leadership does and hence it is a more effective form of leadership behaviour.

However, recent studies by Obiwuru et al. (2011) and Rao (2012) have suggested the opposite after they examined the effect of leadership behaviour on the performance of small organisations in Nigeria. Their results indicated that performance is highly positively affected by managerial leadership behaviour and insignificantly affected by entrepreneurial leadership behaviour. Therefore, they concluded that managerial leadership behaviour is recommended for small enterprises. Perhaps it is due to the different culture and economic development in Nigeria that managerial leadership is considered to be more effective than entrepreneurial leadership

Even though Oman is categorised as a developing country and possesses a different set of cultures from developed 'Western' countries, entrepreneurs of SMEs in Oman tend to display similar entrepreneurial behaviour when it

comes to leadership.

The findings of this study also confirm that entrepreneurial leadership is a universally endorsed leadership behaviour, as suggested by Bass (1997) and Den Hartog et al. (1999).

The results of this study also indicate that factors of entrepreneurship are important for organisational success. This is consistent with the findings of studies by Awang et al. (2010) and Kraus et al. (2012).

#### 4.3.2. SC Position and Entrepreneurship

The SC position as a construct was represented by questions regarding the negotiating power, strategic market position and SC partnerships of the companies. These are already established as moderators of growth in the literature review. Their relation to different constructs of entrepreneurship is shown in Fig. 4.2.

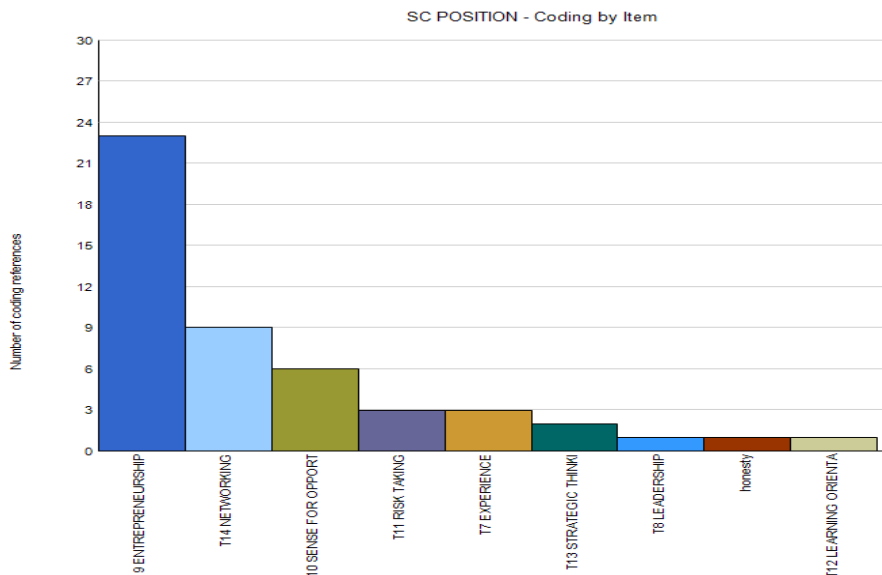


Figure 4.2. - Relationship between Entrepreneurship and SC position by coding references

- Strategic Market Position

Strategic positioning was deemed important in the growth of SMEs by past papers (O’Gorman, 2001). Many of the managers posit that strategic thinking and positive attitude towards growth are a must for successful repositioning on the market.

*‘While some people approach issues emotionally, I prefer to be analytical and drive the company with good forecasts and analyses....one must be positive.... Entrepreneurs must always set higher goals and fight to achieve them. This is what drives a company’ (M1)*

M8 reinforces this view by saying that *‘when a man wants to go up, he needs to look higher...once you stop, you only go down... competition crushes you and you just leave the market’.*

These results show that optimistic attitudes and growth aspirations of entrepreneurs result in more active market behaviour in the studied SMEs and confirm results from (Wiklund and Shepherd, 2003). Combined with strategic thinking they lead firms to strategic repositioning when needed. This is in agreement with research, according to which adequate positioning is strongly related to strategic managerial thinking (Thakkar and Deshmukh, 2008) and eventually leads to growth (Porter, 2004; Mehta, 2006).

- SC Partnerships

The second element of SC position is SC partnerships. Interestingly, when talking about partnerships with other companies in the supply chain, managers did not mention having a formal relationship. In that context (M1) explicitly stated they *‘don't actually have partners in the direct meaning of the word...*

*Rather we have good understanding with our suppliers and customers, built on good communication and the long years of working together*'. These findings contradict past research which argues partnerships like strategic alliances between SC members are critical for successful growth (Wynarczyk and Watson, 2005). M6 gives some insight on the reasons behind the lack of partnerships and alliances:

*'We tried to close the loop and in Oman if you have to provide something you can't do yourself, it's difficult to find trustworthy partners to make things with speed, quality and good price, which forced us to become what we are-we make everything*'.

Nevertheless, informal good relationships with SC members were often cited to result from the interpersonal contacts of managers with clients and suppliers and to bring benefits to the SMEs and assist their development. For example, M10 explains the role of his interpersonal relationships:

*'These good relationships...have contributed a lot to our businesses, because we have reliable partners in tough situations. First, partners provide us very tight lead times, which allows us to offer exquisite times for our products and services to clients. Also...they give us prices that allow us to be more competitive and win more clients. That way they contribute to our success and help us grow*'

Thus, it can be concluded, that partnerships among Omani SMEs are rather informal and based on the personal contacts of entrepreneurs, but still have their role in enhancing the competitiveness and growth of firms who have them.

- Negotiating Power

The last element of SMEs' position in their SC is their negotiating power, which according to Hong and Jeong (2006) strongly affects growth. Results were not surprising, as bigger companies manifested greater power compared to suppliers and clients. M5 from second biggest company in the sample stated: *'This stronger position compared to suppliers is due to the great number of small suppliers on the market that compete with each other. They are weakening each other's position so to say'* This means that the market conditions are in favour of bigger players like them.

However, other managers such as M2, 10,M31, M16 and M22 note they are able to turn the tide in their favor with better contacts. While discussing negotiating power with interviewees, the experience of managers and their networking habits emerged to be connected to it. For instance, on the notion of networking skills M3 says *'80% of the business is contacts'*, that their ability to lead correspondence and negotiations helped their company get the trust of more clients and that *'the company grew as we strengthened its position'*. Similarly, M18 stated:

*'A great deal of the business is related to contacts only and not money. There are some projects that just go directly to us, regardless of prices, just because the client has a personal contact...Contacts allowed the firm to grow extensively and gave us confidence. I have more than 1300 contacts in my phone and...I am always available'*.

As it can be seen, active networking allowed these managers to develop lasting relationships with other companies, which in turn led to superior negotiating power and better conditions for their firms. Networking is a

prerequisite for forming partnerships, which improves their negotiating power and opens better contract opportunities for companies leading to enhanced growth in the end. This resonates with Širec and Bradač (2009) and ascertains the importance of proactive networking for improving the position of companies among SC members.

- Company Image

Company image emerges as a common theme when talking about the positions of firms. Regarding positioning among SC partners, although outside entrepreneurship, honesty and trust are also named critical by many managers. Regarding partnerships M16 says:

*'it's all based on trust and respect that we've built over the years... We stayed honest in our relationship with them so they know they can trust us and vice-versa. If you are not honest, nothing else matters.'*

Again, regarding the trust that leads to bigger clientele, M19 posits:

*'...I am an expert in the field and I have created myself a name for it. I also gathered a very professional team and transferred all my knowledge to them, creating a solid core for the firm. That allowed us to offer a reliable service to our clients and made them trust us and prefer our company over competitors'.*

As Table 4.1. shows, M27 is the most experienced in the sample and this notably helped the company as he obviously transferred his image to it. Moreover, he mentions building a team and transferring his knowledge which emphasizes his strong leadership skills, and resulted in an image of reliability

and more clients for the company. It also refers to the ability to add value by providing greater reliability to their service.

These results prove how entrepreneurs through good communication skills, honesty and their experience can build trust in the firm which helps them achieve stable relationships, better negotiated terms and contribute to the market position of SMEs as they create them an image of reliability. This goes in line with Morrissey and Pittaway (2004) who posit collaboration could work only through mutual trust and respect.

### 4.3.3 Value Adding and Entrepreneurship

Value adding capabilities are investigated through questions regarding cost efficiency and innovation in the companies. These are already established as moderators of growth in the literature review. Their relation to different constructs of entrepreneurship is shown in Fig.4.3.

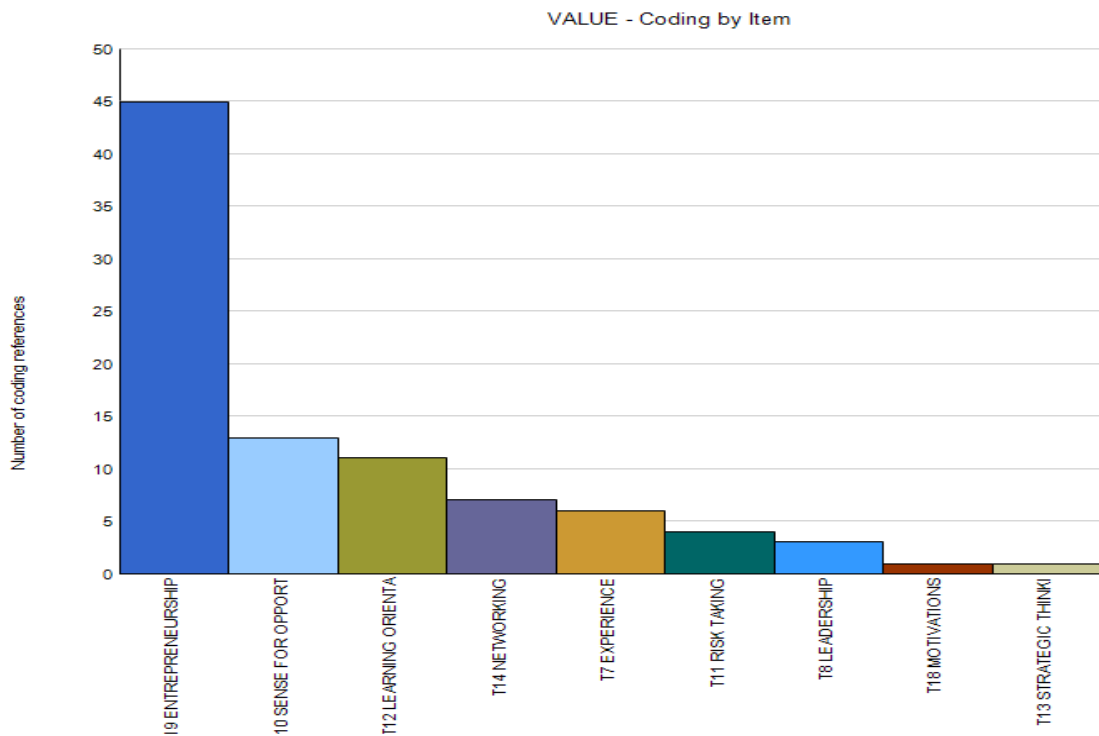


Figure 4.3. - Link between Entrepreneurship and Value Adding Capabilities by coding references

- COST EFFICIENCY AND PRICES

All managers agree their firms compete on prices and cost is essential in determining the value proposition. Only two disregard innovation and adding value. According to M3, *'in Oman price is the most important factor in 99% of situations, so we try to minimize expenses, in order to offer the lowest price for the clients'*. M5 supports this view: *'The mentality is they want the cheapest price, but also good quality, which is impossible. As a whole...we fight for prices mostly'*. However, these two businesses are related to the construction sector, which might mean it is the industry that dictates the situation.

Regarding the role of entrepreneurial and transactional leadership in reducing costs, interviewees agree it makes a difference in terms of efficiency. For example, M13 shared: *'My ability to organise my people and motivate them helps me keep things smooth, without wasting time and keep the work going on a good schedule'* On the negative side, M4 states his company lacks productivity and relates it to his inferior leadership skills: *'I demand a lot...but they seem to give less and less, they are not motivated and I feel that I am missing something there. I feel like if I improve there, we could do more work, and faster'*. These insights on leadership show its moderating role on SMEs' efficiency, which eventually affects their costs and prices.

- Innovation



Remarks made by the interviewees such as *'introduce many new products'*, *'invest in R&D'* and *'new ways of doing things'* were significant indications that there was innovativeness in their organisation. Basically, all managers indicated innovativeness during their interviews. Examples of their representative remarks are:

*'I used to have only one main product, but now we have 36 products, ranging from traditional medicine to energy drink, to cosmetic products and now we start to introduce facial and hair products'* (M3). *'We do favour a strong emphasis on R&D'* (M20).

Generally, interviewees stressed the importance of adding value and innovation. Entrepreneurship was closely related to innovations in many ways. First, learning orientation and curiosity for novelties were frequently mentioned as factors. M1 stressed their importance, saying *'An entrepreneur must always strive to learn and be hungry for new challenges'*. M3 agreed and said:

*'I try to stay open-minded and I am not afraid to change the way we work if I find a better one. We adopt good practices when we see them and try to extend any novel approaches we find to our logistic network too. This creates a win-win environment and moves all our businesses forward'*.

Finally, regarding the role of learning for finding new ideas M6 stated:

*'I am always digging for new things. I look out, search the internet for ideas on new ways to do things, better technologies to use. I got the idea of working on things like 3D printing and I think it would*

*change the game dramatically. My curiosity led me to the thermograph also’.*

Similarly, M8 said:

*‘I always try to hear out colleagues, employees and hear what they have to say. Because they are younger, have a different perspective on things and this allowed me to compensate for anything that I might be missing. That has helped me a lot and has led to some changes that proved very beneficial to the firm’.*

These findings affirm the role of learning and show innovations can come from both external and internal sources. They reveal learning orientation can lead not only to investments in innovations but also to process improvements, which eventually bring new opportunities and better performance. This resonates with Hansen and Hamilton (2011) who found continuous learning leads to long term growth.

A good sense for opportunity was mentioned as equally important for innovations' success. M2 illustrated this:

*‘We are always on the look for new things, we go to all major exhibitions to seek new technologies, tendencies... but as a manager I have to recognise and evaluate whether these new ideas are applicable in Oman’.*

This emphasises that successful innovations happen not when entrepreneurs only know what novelties are available, but are also able to evaluate them and estimate their importance and feasibility. This matches results from OECD

(2014) report, which showed sense for opportunities is an important part of entrepreneurial mix needed for successful innovation.

Innovative SMEs in Oman which are willing to be involved in the generation of new ideas and in experimentation to create new products and services have an opportunity to become the market/industry leader and ensure the success of the firm. Firms of this type have more chance of generating high growth and profitability.

- Proactiveness

Data from the interviews on proactiveness supported the qualitative findings from the literature. Most of the Managers said they are proactive in strategic action. The majority of them said that when it comes to competition, their competitors respond to them, perhaps due to the fact that they have extensive experience in their particular line of business. A recent study by Kraus et al. (2012) found that of the three factors of entrepreneurship, only proactiveness has a direct and significant impact on SME business performance in the Netherlands.

Representative comments such as '*the first to introduce product/service*', '*competitors respond to our actions*' (M) and '*ability of the firm to anticipate and act on future wants and needs in the market*' (M) were indicative remarks made during the interviews. 23 Managers (except M1, M5 and M9) mentioned in some way that they are proactive in their organisational actions. Examples are:

*'As an entrepreneur, not only I have to be innovative, I have to anticipate demand for this kind of product in the future and assess whether or not we*

*have the in-house expertise to produce it' (M7)*

*'Right now I believe that we are still the market leader... I would say that they [the competitors] normally respond to us rather than we respond directly to them. I also believe that my vast experience in this line of business, we are mostly the pioneers in this field in Oman' (M8)*

As mentioned earlier, not everybody indicated proactive behaviour in making strategic decisions. The following response is from M5 who did not promote proactive behaviour in his organisation. When asked about the competitive environment in his industry, his response was:

*'Basically, the trend in the engine oil market is being set by this one society which is known as American Petroleum Institute. They set the trend in the open market. So when we want to market our product, we have to make sure that our product is at par with what they are offering in the market. If, in every three months they come up with a new product, we have to come up with a new product as well to make sure that our product is competitive in the market'.*

#### - Risk Taking

In regard to risk taking, it is noticeable that the results indicate only a partial relationship to organisational performance measures. Leaders of SMEs in Oman believe that their risk-taking attitude has a significant effect on the growth of their firm but not on profitability. These results suggest that entrepreneurs in Oman recognise risk taking as an opportunity that is necessary for business sustainability. They perceive that taking risks support innovative and proactive actions which would help to expand their business.

Without a willingness to take risk, it is unlikely a firm would invest heavily in R&D and become a pioneer in the marketplace.

Interview data showed mixed outcomes regarding managers' views on their risk-taking propensity. Twenty managers perceived themselves as risk takers, willing to venture into unknown territory, taking on high-risk projects in the hope of expanding their market share and obtaining more profit.

However, not all the respondents thought that taking more risks would provide more profit. Some of them recognised that they do not have enough capital to take on big projects that involve a huge amount of capital. They also acknowledged the possibility that such projects might not turn out well and would be very costly for the organisation. As M6 puts it:

*'We have to be realistic since we do not have much funds to spend on something that is really big. We cannot pump in more money if the business is not successful... We always need to have awareness to the risks that we take and will only be considering calculated and manageable risks'.*

The insignificant relationship between risk taking and profitability is in line with an earlier finding by Awang et al. (2010a)

*'If we are being more innovative and proactive, and willing to take risks, there will be positive effects towards our organisational performance... The more entrepreneurially orientated you are, the better performance you are going to achieve' (M7)*

There were also mixed outcomes in regard to managers' willingness to take the risk of investing a large amount of capital in their businesses. Maybe due

to limited capital and resources, most of the respondents were quite selective about the type of risk they would venture for their business. Only five respondents (M1, M3, M7, M8 and M9) mentioned a willingness to take a high risk with a chance of a very high return. As M9 put it:

*‘Like I said earlier, I am not an engineer, therefore I need to identify our strengths and focus on them. This line of business is dominated by Chinese and men. It is a very big challenge for me to hold and stay in the business. Because of these reasons as well, I have decided to take on higher risks business like oil and gas, weaponry, aerospace and automotive ‘.*

The rest of the interviewees were only willing to take a moderate amount of risk that might result in the return of their investment. Examples of their remarks are:

*‘I am not willing to take a very high risk at the moment. I can say that we are willing to take a moderate kind of risk, whereby we have really explored those kinds of risks that are manageable and calculated risks with calculated returns’ (M16)*

*‘We have to be realistic since we do not have much capital to spend on something that is really big. We cannot pump in more money if the business is not successful. There is always a chance that if you are making a business, your business will collapse. Therefore in regards to risk taking, we always need to have awareness to the risks that we take and we will only be taking and considering calculated and manageable risks’ (M6)*

Entrepreneur's readiness to take risks is also mentioned as critical for innovations. But all interviewees agreed they only take well calculated risks

that would not jeopardise their firms. M2 explains: *'Risks need to be calculated because, because when the crisis hit many companies went bankrupt because they overestimated their business and could not break even on their investments'*. In turn, M8 said for him avoiding risks *'was the right decision, because it kept the company alive'*. Other entrepreneurs also talked on the topic of other companies going bankrupt, which shows risk-taking can have negative effects in the unstable economic environment in Oman.

Nevertheless, risk-taking has a role for SMEs' innovation and growth. M6 said about his innovations:

*'I have always done well weighted risks and taken only risks that wouldn't harm the company...I have taken many risks as a matter of fact, I take risks often...But I considered them thoroughly and they were never extreme or put the firm in danger. In most risky situations, I was able to come out with a success...by introducing new products or services without causing any major disturbances for the company'*.

M18 adds on the moderating role of risks for growth:

*'we are partners with my brother...he has always been a gambling type, while I have more moderate approach to risk...we always find the golden middle. So, if it was only him, his risks would have been fatal during the crisis, but if it was only me...probably we would not have grown with the pace we have now'*.

These results indicate that although risks can be dangerous, they are a needed element for successful company development and are an integral part of the

innovative process., which resonates with the research of Naldi et.al. (2007). However, contrary to Gray (2002) who says reluctance for risks impedes SMEs' development, the findings show that Omani entrepreneurs must know when to take risks and how big can they be and avoiding risks can be the only means for survival in smaller companies.

Finally, the data showed entrepreneurial leadership is also needed for the success of innovations. M7 reveals what his role on the final stage of recent innovation's implementation was:

*'I was working closely with the design team manager and managers from all other departments...This ensured that all parties' interests were met in the process and everything was done in the best way possible. It was needed for someone from the higher management team to participate in the project so that it could run smoothly, to ensure there was good communication between the departments that all the needed finances were available and of course no excess costs were made in the process'*

It is evident that superior leadership is needed when implementing innovations, as it requires people from different backgrounds and hierarchy level to be pulled together and work as a whole. These results concur with past research. Similarly, Rosing et.al.(2011) found leadership in the process of change is crucial for successful innovation

#### 4.4. Business environment and other factors

A considerable part of the interviewees relate growth to the external environment and the business conditions in the country, especially when



talking about the difficulties their firms' face. M3 created a summed up the picture of what everyone agreed on:

*'First, we have a lot of competitors that work in the grey sector and we can't be competitive compared to them...Another problem is that the government doesn't support small companies and regulations are made stricter for companies that operate completely legally. So, as a company that pays all its debts, we also bear the weight for those that don't. Also, we have difficulties with finding quality employees, as most of the quality people from Oman run away abroad'.*

These results point out the critical impact of economic, political and social environment on companies' ability to grow. This contradicts with the hypothesis of Farouk and Saleh (2011) that environmental factors are irrelevant when studying growth in SMEs and can be excluded.

The interviewees were also asked to identify factors other than those two that they felt might also influence the performance of their organisation. The respondents were keen and interested to provide information in regard to this theme since organisational performance is an importance subject for all of them.

There were mixed responses regarding how the respondents perceived their organisational performance and growth. Some respondents (M2, M5 and M8) believed that their organisation was performing much better than their competitors in respect to the ability to control market share, provide consistent growth and earn a steady profit. Others (M4, M17, M19, M22, M23 and M25) felt that there was room for improvement. They believed that it was important to focus on the growth of the company because as the company grows,

business will become more profitable. One of these respondents said:

*‘I am still not satisfied with our performance. My long-term target for this company is to be able to get it out of the SME category. I want to become large corporation. In order to get yourself out of the SME category, you will need to generate RO25 million.... and we still have a long way to go’ (M22).*

All interviewees without exception agreed that new technology and ICT plays an important role in enabling their organisations achieve business success and good growth to various degrees. It was also clear from the responses that managers who had good ICT background were more forward in utilising new technology in their organisations, as well as being more innovative in its utilisation.

*‘ICT has really transformed our business and it has not only helped our marketing efforts, but also dramatically improved our communication with other partners in the supply chain. I consider myself ICT literate and I frequently attend technology exhibitions to find what is new’ (M6)*

These results are in agreement with Woszczyzna and Pysz (2016) who suggest that firms with visionary leadership committed to growth- driven goals for the business appear to be more likely to successfully adopt and use ICT and new technology.

12 managers mentioned that the high cost of new technology hindered them from utilising the latest available technology, which had a negative effect on their SMEs performance and growth.

*‘New technologies are really expensive and keep changing. This represents a double problem for us as with our limited funds we need to be very careful with this kind of investment to insure its viability’ (M10)*

This result is similar to findings by Phillips and Wade (2008) who indicate that new technology normally comes at high cost.

Also, a number of managers linked utilisation of technology to the knowledge and technical abilities of the organisation’s employees, and confirmed that having the right qualified people had a major influence on performance and growth.

*‘My employees are the best assets of the business. They are really skilled at what they do, and this has very positively affected our business status compared to the competition’ (M7)*

This result is also in line with what Alshamaila et al. (2013) posit that firms with high percentages of well-educated and skilled workers have a relative advantage in technology adoption compared to firms with deficiencies in human capital. The problem of finding the right qualified workforce in Oman was highlighted by 6 managers.

*‘In Oman you are considered lucky if you can employ someone with the exact skills you require. Most highly skilled/educated people are employed by Government and large international corporations’ (M8)*

These findings are similar to extant literature such as Bouazza (2015) who indicates that there are difficulties for SMEs in finding skilled labour in developing countries due to general lack of education of the population as well

as competition from larger firms over the skilled labour market.

Several managers (M7, M13, M15, M17, and M22) mentioned the issue of difficulties in having access to finance, and expressed concern that the lack of support and trust from financial institutions for the industry has affected their companies' performance. This in agreement with previous research findings by Rocha et al. (2011), Govori (2013) and Bouazza (2015) who found that access to finance represents a major obstacle to SMEs in developed countries. However, there was a general agreement by most managers that financial institutes in Oman were more supportive of innovative investment ideas for SMEs and so was the Government, but this could be due to different business thinking/culture prevailing in Omani financial institutes.

All managers mentioned that the current rules and regulations governing SMEs operations are cumbersome and/or outdated for the current and future business environment considered this as a hindrance factor for their companies' growth.

*'The regulations keep changing from time to time, which makes long term planning really difficult'* (M22)

*'The regulations are slow particularly when it comes to changes in the main line of business, and this stopped us from following new business opportunities'* (M6)

This is similar to discoveries by Hashi and Krasniqi (2010) who note that SMEs in developed countries are more likely to be affected by awkward and frequent changing regulatory frameworks, which can result in an unhelpful atmosphere of business uncertainty.

#### 4.5 Final Framework

The analysis confirmed the conceptual framework in most cases. The final objective of this dissertation is to propose a comprehensive framework for the effects of entrepreneurship on growth in SMEs. The final framework is illustrated in Fig. 4.4 and shows the relationships between different factors and how entrepreneurship affects the factors leading to growth.

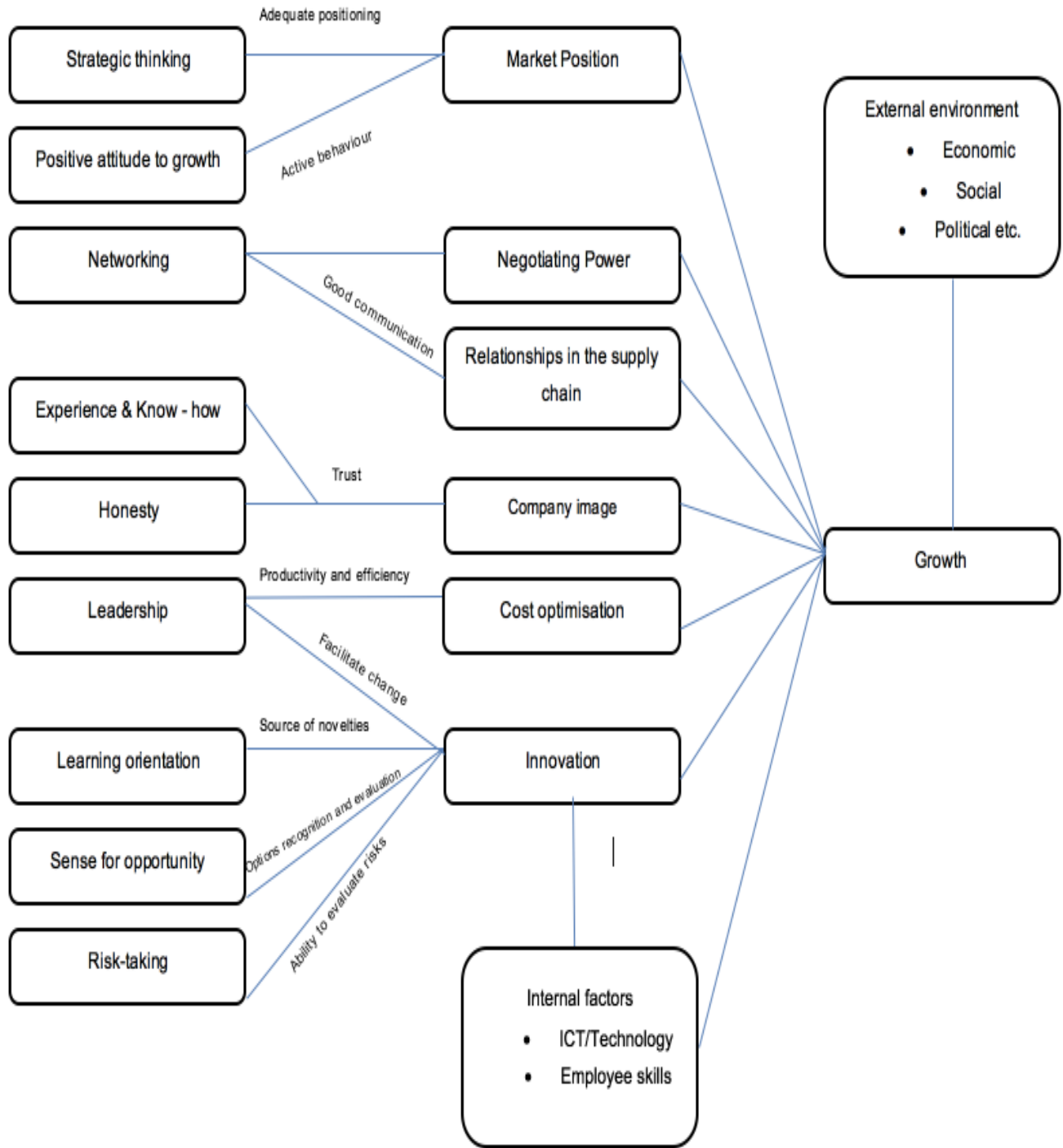


Figure 4.4 - Final framework - effects of entrepreneurship on SME growth

The first major change from the conceptual framework was the inclusion of external factors as an important moderator for growth. The data showed economic, political and social problems in the environment have a negative impact on Omani SMEs and impede their development. One could argue that these factors are not normally influenced by entrepreneurial leadership; However, there are evidence in the literature that a trait of entrepreneurship is to scan the business environment and identify opportunities as well as forecast possible threats.

Another change that needed to be done is the shift from SC Partnerships and alliances to informal SC relationships as a factor for growth. Results showed that Omani SMEs rely entirely on informal relationships and no or very little formal cooperation is practiced. The reason for this is probably again in the unstable environment and the uncertainty it creates.

The nature of the semi structured interviews allowed for further information regarding other internal factors such as ICT/technology and the quality of employees and showed that both are positively influenced by innovative and informed leadership, which in turn influenced growth. This is also incorporated in the final framework.

Finally, a positive connection was made between SC relationships and the negotiating power of SMEs, so it was also marked.

#### 4.6 Summary

this chapter presented and discussed findings from the qualitative data collected in interviews. The interview data were organised according to the themes that were developed based on variables and observed relationships in this study. The qualitative findings have definitely added value to the

validation process of the research conceptual framework. They are also useful in the development of proposed new directions for future research. In the next chapter.



## Chapter 5

### Conclusion

#### 5.1. Introduction

This final chapter provides closing remarks on the ways entrepreneurship affects the different factors leading to growth in Omani SMEs. The main findings are presented in relation to the initial aims and objectives of the research. The chapter also provides a study of the implications and limitations of this work and a discussion on the areas future research should focus on.

#### 5.2. Conclusions

The study was based on the following two research questions.

1. What are the main drivers of growth in SMEs from a supply chain perspective?
2. How does entrepreneurship influence growth factors in the process of business development?

The first objective was to identify which factors are related to growth in SMEs through reviewing literature on SMEs and SCM. After a thorough study of literature relevant to supply chains, SMEs, growth and entrepreneurship, it was found that the main factors of growth can be divided into two main groups of factors. The first group of factors are related to the positions of the company and are market position of the firm, its negotiating power, the SC relationships

and the company image. The second group of growth factors are linked to SMEs' value-adding capabilities, namely cost optimisation, and innovations.

Furthermore, several entrepreneurial/leadership traits were identified. The most cited ones are managers' culture and motivations, strategic thinking and focus, customer and market orientation, sense for opportunities, higher proactivity and risk-taking, continuous learning and ability to implement and lead changes in their firms, their ability to work with people and form meaningful relationships. Based on the findings from the literature review a conceptual framework was created, covering the second objective of the thesis.

The third objective was to test the conceptual framework through qualitative data collection and analysis. Results show that entrepreneurial qualities and behaviours influence growth factors in SMEs. First, regarding the positioning of SMEs on the market, strategic thinking is critical in the positioning as it allows managers to plan ahead and choose the most adequate position for their companies. Moreover, positive growth aspirations of managers result in more active behaviour by companies and more frequent repositioning, which allows SMEs to better utilise the opportunities presented by the market.

Supply chain partnerships and alliances turn out not to be utilised by Omani SMEs, whereas interpersonal relationships based on long-term communication and trust are the prevalent form of business relationships. The most critical entrepreneurial element for them is networking, as it helps managers sustain good relations with clients and suppliers which are directly transferred to the company. Networking and close relationships with other SC members are in turn affecting the negotiating power of SMEs, as they usually

result in more stable workflow and better contract conditions like premium prices and lead times from suppliers.

The overall company image emerged as an important factor for the stable growth of SMEs and it is directly linked with entrepreneurs' qualities. The experience and know-how of owner-managers are explicitly related to the trust SC partners have in SMEs and lead to enhanced company image, even in the long run. Furthermore, manager's honesty is commonly cited as a prerequisite for sustaining a good company image.

Entrepreneurship strongly impacts innovations and cost optimisation as moderators for value adding in SMEs. Leadership is linked with both of them. It is strongly needed for cost optimisation, as it has direct effect on the productivity and efficiency of employees in SMEs. Furthermore, it is needed for the successful implementation of any innovation or novelty in SMEs as it facilitates the smooth transition and provides the good internal communication and managerial support needed for the final success of innovation projects.

Other elements of entrepreneurship linked to innovation are the learning orientation, sense for opportunities and propensity for risks of managers. Learning orientation is needed as it ensures managers are open-minded and able to perceive and accept new ideas from both internal and external sources. A sense for opportunity allows managers to identify the viable options among novelties and evaluate their importance for the firm, so that only beneficial innovations are implemented. Finally, propensity for risk-taking is critical as it allows managers to act and actually implement the innovations. However, a good ability to gauge risks and take them only if they don't endanger the

wellbeing of the company is a prerequisite for keeping the company functional and growing.

It can be seen that all entrepreneurial qualities identified from the literature play their role in the growth of smaller companies. The findings also clearly answer the second research question by providing explanations on how exactly entrepreneurial qualities and behaviours influence growth factors in Omani SMEs.

The final objective was to propose a framework for the interplay between entrepreneurship and growth in SMEs. This was done in the final chapter, by elaborating on the conceptual model and enriching it to illustrate the links between different elements.

Therefore, there are a number of challenges faced by SMEs in Oman albeit at various degrees. These challenges range from lacking of required knowledge of business, finding customers, unfair competition, access to finance as well as high cost of finance, high cost of production including labour and rent, availability of skilled staff or experienced managers, regulations and administrative burdens. The findings also pointed to limited use of modern technologies by SME owners in terms payment to suppliers in addition to prevalent practice of not preparing financial statements to name a few.

### 5.3 Contributions and Implications of Research Findings

#### 5.3.1 Theoretical Contributions

The first theoretical contribution of this study comes from the framework based on the entrepreneurial leadership and the factors affecting growth theory and literature. This framework augments the body of knowledge in

existing literature in the area of leadership and entrepreneurship in confirming the applicability of these generally developed-countries applied concepts to a developing country such as Oman. In addition, the assessment of leadership behaviour and entrepreneurial orientation as resources and capabilities enables a conclusive examination of whether entrepreneurial leadership and managerial leadership impact on the organisational growth of SMEs in Oman. It can be concluded that both leadership behaviours are important resources and capabilities that enhance and sustain organisational performance.

It was empirically proved that entrepreneurial leadership and transactional leadership have significant positive effects on factors of organisational performance. The theoretical and qualitative analysis provided evidence that leaders of SMEs in Oman perceive themselves as practising entrepreneurial and managerial leadership behaviour, and both were found to have significant positive effects on performance and growth.

This study also makes a significant contribution to the field of entrepreneurship in the context of a developing country. The results of this study provide evidence that entrepreneurial orientation is an important strategic direction for SME enterprises. Qualitative data provided significant evidence that leaders of SMEs in Oman believe that they are practising and developing this strategic orientation in their organisation. Empirical findings demonstrated positive effects between each traits of entrepreneurship and growth. But only innovativeness and proactiveness were found to have significant positive effects on profitability. The data from the interviews repeatedly recorded themes that reflect the factors of entrepreneurial orientation. Thus, the development of this strategic orientation improves

organisational growth and profitability.

The central finding of this study arose from the intention to study entrepreneurial orientation as an affecting mechanism to enrich existing theoretical models of the direct relationship between leadership behaviour, affecting factors and organisational growth. Despite the independent links established between leadership and performance, very few studies have examined the relationships between these variables simultaneously. Therefore, a further understanding of the relationships between these variables (entrepreneurial leadership, affecting factors and organisational growth) adds new knowledge to leadership and entrepreneurship literature in the context of SMEs in Oman.

It was found that entrepreneurial orientation is an enhancer of traditional leadership behaviour affecting organisational growth factors. This signifies that an organisation's strategies to expand the business and to earn more profits may be realised not only from leadership behaviour but also through the development of entrepreneurial management. A strong emphasis on entrepreneurial orientation may effectively enhance the ability of leadership behaviour to affect SME growth factors.

It was demonstrated that entrepreneurial leadership has a strong and significant effect on factors affecting growth. This means that entrepreneurial leadership is able to foster effective utilisation of the strategic orientation of a firm and this orientation exerts positive outcomes. Theoretically, leaders with an entrepreneurial leadership behaviour who embrace the development of entrepreneurial orientation would have a significantly strong effect on organisational performance and growth.

Another significant finding in this study is that entrepreneurial leadership is perceived to have a stronger effect on growth and profitability than traditional managerial leadership does. The outcomes of this study are similar to those in the majority of developed research. The leaders of SMEs in Oman perceive that the growth of their firms will significantly improve when they practise the behaviour of entrepreneurial leaders. Thus, this result contributes significantly to the field of leadership research, especially in the context of SMEs in Oman.

### 5.3.2 Practical Contributions and Implications

The core objective of conducting this study is to present outcomes which might be beneficial to and practical for SMEs in the various sectors in Oman. The findings of this study conclude that the leadership behaviour of owners and top managers are important variables that affect a firm's growth and profitability. The effective display and practice of entrepreneurial leadership are perceived to positively affect the outcomes of the firm. More importantly, leaders of SME establishments are encouraged to understand the complex interaction between their leadership behaviour and the level of entrepreneurial orientation practised in their organisation since these factors are acknowledged as important elements for organisational success.

It is hoped that the outcomes of this study will help to fill the gap in the understanding of the leadership behaviour of Omani SME leaders. The study concludes that leaders of SMEs in Oman are practising and displaying entrepreneurial and managerial leadership. These two types of leadership behaviour were empirically tested and showed significant positive effects on growth and profitability. The results from the interview data confirmed the

practice of each factor of entrepreneurial and managerial leadership by leaders of SMEs in Oman. Thus, leaders are encouraged to further develop their understanding of both types of leadership. Personal initiatives to learn and develop skills and knowledge in regard to these forms of leadership behaviour may benefit them and their organisations.

The results obtained from analysis of data established the form of leadership behaviour that would contribute most to the success of SMEs. This study suggests that, of the two types of leadership behaviour, entrepreneurial leadership is a more efficient form of leadership behaviour than traditional managerial leadership. Thus, leaders of SMEs in Oman need to display, practise and nurture the qualities of entrepreneurial leadership to improve the performance of their organisations and facilitate their growth. The qualities associated with entrepreneurial leadership elevate the level of motivation of employees and encourage them to reach their full potential. In return, SMEs who practise entrepreneurial leadership seem to generate and achieve better organisational growth associated with a high market share, business expansion and high profitability.

The empirical findings indicate that the ability of SMEs to innovate, be proactive in their strategic action and willing to take a considerable amount of risk can significantly affect the success of the firm. Thus, the implementation and development of factors of entrepreneurial orientation requires organisations to persevere, and to be consistent and creative in their efforts and the allocation of the resources to be invested into their products and services. These entrepreneurial attitudes must be the practice and policy not only for leaders. They must be transferred to other employees to maximise



results for the organisation.

Significantly, this study contributes to the literature on the relationship between leadership behaviour and SME organisational growth by providing evidence that entrepreneurial orientation mediates that relationship. The managerial implications are that, for small and medium-sized organisations, the challenges for displaying and practising good leadership behaviour are threefold:

- The practice of leadership behaviour must be aligned with the level of innovativeness and proactiveness in the firm.
- Understanding which leadership behaviour favours change may help organisations to champion an entrepreneurial spirit to streamline business, promote the delegation of power and decision-making and develop individuals' creative ability. These measures stimulate an entrepreneurial culture and spirit among all members of the organisation. [L]  
[SEP]
- Taking higher risks requires organisations to take bold actions. entrepreneurial leadership is more consistent with risk taking due to its characteristics of forward thinking, vision and willingness to tap into new ideas. Thus, organisations must develop and improve leadership to be more entrepreneurially orientated. [L]  
[SEP]

Practically, the outcomes from this study have significant implications for the development of entrepreneurs in Oman. The Public Authority for SME Development, which is the governing body that oversees SME development in Oman, should provide more leadership training and development programs for entrepreneurs. The training should focus on developing and nurturing the entrepreneurial leadership qualities of entrepreneurs. It is recommended that such training should be provided for all

new entrepreneurs who received assistance from any entrepreneurial development agencies in the Oman.

To further improve the performance of SMEs, they need to develop their entrepreneurial management. Continuing support and assistance from the government and financial institutions would definitely help these enterprises to fully engage in innovation and other proactive activities and thus allow them to venture into risky territory with a high potential for profits.

Another practical implication for Omani entrepreneurs is that the results of this study provide a clear indication that their perceptions are not much different from those of their counterparts in developed countries. These results should be interpreted by Omani entrepreneurs to believe that they can compete locally and globally, on par with competitors from the other parts of the world. The results from this study are consistent with those of previous studies conducted in developed countries, namely that: (1) entrepreneurial leadership is more effective than just using traditional managerial leadership and (2) entrepreneurial behaviour is an important attribute for an innovative SME firm. In order to achieve success as outlined by the government, SMEs in Oman need to have high ambition and be confident to expand their business and compete internationally.

The final practical implication of this study pertains to the relevance of this study to other Gulf and near Arab/Asian countries. Due to having similar culture and values to Oman, neighbouring countries could definitely benefit from the outcomes of this study.

To summarise, this study makes concrete contributions by providing an empirical framework and findings for understanding leadership and

entrepreneurial practices in the context of SMEs in Oman. The integration of entrepreneurial and leadership behaviour as resources and capabilities is found to provide positive increases in SME organisational outcomes. These clearly proved results may help these organisations to focus on what really matters to improve their performance.

#### 5.4 Recommendations

The present research has serious implications for practitioners in Oman. It provides a systematic framework for managers in SMEs to benchmark the current state of their companies and guide their efforts in strategically planning changes aimed at growing them. The findings ascertained the importance of the factors identified in Chapter 2. Managers of SMEs that wish to grow their companies should focus their efforts either on improving their firms' positions by choosing proper market positioning and working on their relationships with both upstream suppliers and downstream clients, and/or on building value-adding capabilities through cost optimisation and continuous improvements and innovations.

From a personal point of view, managers should also develop their own entrepreneurial qualities and abilities. The findings suggest that qualities like experience, leadership, sense for opportunities, readiness to take risks, continuous learning and networking are instrumental for the successful establishment of better positions for the company and creating superior value for customers. For this reason, Omani entrepreneurs are advised to continuously pay attention to developing in these areas and perhaps seek additional trainings to supplement their own efforts.

## 5.5 Limitations, Generalisation and Future Work

The research was constrained by the limited time and resources available for a PhD study. Although the sample was reasonable, a larger sample size would enhance the validity of findings and conclusions and might have provided deeper insights on the topic. Furthermore, his dissertation was built on the basis of a qualitative methodology and was exploratory and explanatory in nature, so it would be useful to validate the results on a larger scale. For this reason, a viable option for future research would be to reproduce this study with larger sample or use quantitative tools which would allow to triangulate the results and to examine the topic through statistical means.

The sample itself is geographically limited to Oman which reflects on the generalisability of results. This makes any conclusions valid only in this particular area. However, due to the high similarity in culture, social and business behaviour within the GCC countries of which Oman is a member, it is safe to assume that the results of this work would apply to these countries. In order to generalise the results for other regions in the world, further research should be conducted in other developing countries to verify the results and provide a more general picture of the impacts entrepreneurship has on SMEs' growth.

Finally, the considered literature argued the external environment can be neglected when studying SMEs development and growth was mostly dependent on internal factors, such as resources, capabilities and managerial traits. However, results showed that the external environment was critical for determining the development of SMEs in Oman, which was completely out of the scope of this study, limiting the conclusions. Further research should

focus efforts on examining the environmental factors and their implications for growth.

Using the qualitative method not only strengthened the methodological approach of this study but also provided several advantages to the findings. First, the qualitative data confirmed the findings derived from the quantitative data. Second, they provided a detailed and deeper understanding of the essence or meaning of a particular phenomenon from the perspectives of the respondents, who had an opportunity to explain their attitudes, behaviour and feelings related to a particular phenomenon. Third, in the semi-structured interviews, interviewees were encouraged to expand on their responses and this led to the discovery of new topics or themes which had not initially been included in this study. For example, factors such as competition and strategy emerged as factors that influence entrepreneurship behaviour. Finally, these detailed responses influenced the development of a new proposed framework of entrepreneurial success in the context of SMEs in Oman.

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## Appendix A

### Interview Samples

The samples do not provide complete transcripts, rather they include the parts of answers that are most indicative.

#### Sample 1

Questionnaire

Q1- How did you decide to enter this particular business, and are you are willing to grow the business?

It was a clear choice based on my engineering degree and my professional. I worked as a consultant/ business development manager for over a decade in different fire engineering consultancies and had enough experience and drive to try to make it on my own. As a result tennables was established in 2010.

Yes I do plan to expand. Me and my team are working on a plan for the same. It's a bit difficult taking into consideration the current financial constraints that organizations are faced with. People do not want to spend on fire and safety consultancy. This will slow down the process and we will have to rework a few elements, but growth is definitely on the agenda.

Q2- What in your opinion is your company position in the supply chain (s) your involved with?

We are a consulting firm so we do not rely on any manufacturer or supplier as our offering is not that of tangible products. Taking that into consideration if I think of the supply chain. Then we develop the intelligence, customize it to our client's needs and deliver it as a service ourselves. So theoretically we are the producer, manufacturer and the retailer

Q2a- Are you feeling any pressure from customers and suppliers?

If this refers to deadlines then no. Our work is very structure, there is a certain protocol that we have to follow while consulting for fire and safety. Most negotiations with regards to time and budget are finalized during the initial meetings itself. As is mentioned above we do not rely on suppliers as our product is intelligence.

The pressure we are facing currently is due to the Oil crisis. The sectors which we deal with are Commercial / Residential / Public Assembly / Transport / Oil & Gas. An most of these sectors in Oman are hit by the crisis.

Q3- What in your view are the main qualities of an entrepreneur?

I cannot generalize this, but I can share with you what has worked for me in my small business set up.

In consulting business, our primary asset is our people. So people skills with a willingness and ability to understand human psychology very important, a leader must be someone with good EQ as empathy is important, analytical skills are important as risk assessment is an essential part of starting on your own and most importantly an entrepreneur should be a believer in continuous improvement.

Q4- Research indicates personal and professional contacts are important for entrepreneurs, how have yours influenced your business and its development and growth?

Yes, I completely agree on that. Infact even the name of my company, 'Tennables' was suggested by friends.

With regards to influence, I wasn't very lucky because all my professional contacts were related to my former employer and I did not want to share the idea of moving out with my employer at that stage.

My personal contacts came in very handy as I had financial support at my disposal, off course very limited but I had something to fall back on in case things went south.

One of our future plans for growth is through partnerships and JVs, so I am simultaneously working on reviving all my old professional contacts for ideas and may be even financial support.

Q5- How you motivate people, your leadership skills, have they influenced the success of innovations and the company as a whole?

Yes, as I mentioned earlier, my people are my primary assets. Motivation is not necessarily monetary in nature, us being an SME. However the small size of the business allows us to have a very flat work culture where in everyone is accessible to everyone. Me and all the other focus on creating a positive environment around. From my side I make sure that whenever needed I constantly try to be involved in their personal lives to create a sense of belongingness and to give things a personal touch. Also one major aspect I

focus on is co-creation. Employees always value more what they create. Any solution being designed is done in consultation with the people handling it and not just by the few of us at the top.

Q5a- How does your leadership deal with the changing business environment?

I believe that the economic environment has always been dynamic with changes every second. This demands me to adapt and change my approach towards my business. For example, if we talk about the current oil crisis, we have already revised our long term strategy twice in order to ensure BAU and sustainability. Regulations are not flexible and tend to slow us down.

Q6- How does the long years of experience affect your will to grow the business further, and do you continue to aspire to growing the business?

Yes, in fact I should say the more experienced I am gaining the more is my will to go on. As I said before, we have growth plans in the pipeline, it might take longer than expected due to the country's financial situation, but yes, we are an ambitious company.

Q7- Are you inclined to taking risks? If so, how has this tendency affected the positions of the company, its innovation and respectively its growth through the years?

Yes, off course, in fact at a personal level a major risk was switching from a very well-paying job to my own business.

We cannot be ambitious and risk averse simultaneously. And we obviously analyse the impact of our decisions on BAU. With regards to our business apart from the risks posed by the changing economic conditions I am anticipating major challenges once we try to expand our operations.

Q8- How much attention do you pay to maintaining your network and how have your contacts affected the company's growth?



I think we already spoke about this in another context, I am trying to revive many of my old contacts who could support our expansion plans. I have a very strong presence on linked in and usually participate in many conferences related to my area of my operation. Cards are exchanged and network is being worked on.

I don't think growth is possible for an entrepreneur without proper networking, because every network offer some sort of value addition.

Q9- If I may ask how do you evaluate your leadership skills and how have they affected the success of the company?

I don't think I am the right person to answer that question. My staff would be the perfect respondents. But, if I think than I believe it's my ability to motivate my staff which contributes to their performance. We try our best to put training and continuous learning at the top of our priorities. At times of stressful and complicated projects you will see me sitting with my staff for hours sometimes even overnight trying to contribute as much as possible. I try to develop a culture of ownership and accountability in my team and as a result every person in my team is an entrepreneur in his/herself, and they are our best assets.

Q10- Have you had any plans of changing businesses and switching to a different position in your supply chain, and how have your personal qualities helped the successful transitions to these changes in the company?

No, Fire engineering is my strength and I think I will stick to it. However, while starting the business especially while I was arranging for resources and looking for new clients, I use to constantly get the feeling that I should just quit and go back to a highly paying job in a company. And I think it was this willingness to go on which has transitioned into my team and together we are building a sustainable business.

## Sample 2

### Questionnaire

Q1- How did you decide to enter this particular business, and are you are willing to grow the business?

I made a selection in my life when I opted for studying catering diploma. After completing my diploma I did my hospitality certificate course which supported my career for a decade and a half. I worked for a five star hotel for one year until I started a small fast food unit which provided quality food products at a reasonable price.

Because of my passion for cooking I worked hard at my restaurant as a cook and my delicious dishes got much popularity worldwide. Then I seriously thought of manufacturing my specialties as a small scale unit which grew as a big food manufacturing company of international reputation.

Q2- What in your opinion is your company position in the supply chain (s) you are involved with?

We are a manufacturer and supplier as our offering is focused on products delivered at different locations. Then we develop the intelligence, customize it to our client's needs and deliver it as valuable products by our own supply chain. So in reality we are the producer, manufacturer and the retailer.

Q2a- Are you feeling any pressure from customers and suppliers?

Our company is established on strict straight forward norms. We function systematically following the directions of international food safety authority; properly delivering food products at all bakeries taking too much care and attention. Food poisoning is the major obstacle we want to get rid of by continuous observation.

For this, we take care from the purchase phase to the delivery phase. Also, we are bound to appoint health certified workers.

Since we strictly follow food safety rules, we are not under pressure any time. We appointed experts for quality control process.

Q3- What in your view are the main qualities of an entrepreneur?

The qualities of an entrepreneurship can be identified from the way a business is run.

An entrepreneur should have the commonsense to manage a business by coordinating various areas and managing the employees with intelligence.

As I worked in various areas of the hotel industry, I know the pros and cons of the food manufacturing industry. I give priority mainly to maintain quality which is the utmost concern for an entrepreneur. He must possess the decision making skill which is very significant in business. An excellent entrepreneur should maintain good reputation in business.

Q4- Research indicates personal and professional contacts are important for entrepreneurs, how have yours influenced your business and its development and growth?

A person who consumes my product soon try for it again and introduce it to his friends. I attract people though taste and delicious food. So people will contact us regularly to receive our hospitality.

With regards to influence, I wasn't very lucky because all my professional contacts were related to my former employer and I did not want to share the idea of moving out with my employer at that stage.

We get in touch with the customers to give them awareness about the new dishes we introduce day by day.

One of our future plans for growth is through partnerships and JVs, so I am simultaneously working on reviving all my old professional contacts for ideas and may be even financial support.

We take feedback from our customers to improve our status and this will work out successfully.

Q5- How you motivate people, your leadership skills, have they influenced the success of innovations and the company as a whole?

Well, all the staff is really taken as an indivisible partner of our business. Since the employees are a single unit in we know each other personally and support our colleagues who are in need. Our company possesses an ambiance where workers share and complete the activities sincerely. They get the real value of what they create. We approach all of them in the same way without any prejudice

Even the head of a branch or kitchen cleaner can get permission to meet me any time in my chamber to talk about their issues. There is no partiality in our work environment. We carefully avoid it to maintain unity and respect among us.

Q5a- How does your leadership deal with the changing business environment?

I sharply supervise the dealings in our firm and adapt to the current trends in the food production. We mingle with the serious changes that occur around us to deliver our products well. Because of the economic crisis, the number of retailers got reduced and cost cutting processes are taken into serious consideration.

Q6- How does the long years of experience affect your will to grow the business further, and do you continue to aspire to growing the business?

Well, the long experience which we got supported us to open many restaurants and production units, and I deliberately plan to start many new units considering the high need of our quality food products. We are fortunate to have a group of employees to fulfill our dreams and they work hard to cherish the ambitions without fail.

Q7- Are you inclined to taking risks? If so, how has this tendency affected the positions of the company, its innovation and respectively its growth through the years?

Yes, establishing a food production company itself is a challenging task rather than employed in a hospitality concern.

I can take good earning only through facing risks as it is an integral part of contemporary manufacturing. I have the foresight to view the possibilities of failures and success to avoid the ill fate that can be happened by taking potential risks. And we clearly study the consequences of our actions on BAU.

Q8- How much attention do you pay to maintaining your network and how have your contacts affected the company's growth?

I briefed it early as a response to another question. I am connected to our valued retailers and clients to get their reliable advice for our new endeavours. We effectively use social media and our customers give ample advertisement to our products without any plead from us but they do it because of their satisfaction.

We really believe in networking because it brings very positive responses to our entrepreneurship.

Q9- If I may ask how do you evaluate your leadership skills and how have they affected the success of the company?

I am a confident producer and retailer which is well approved by the popularity of my products and service. In addition, it is advisable that people who can commend something about me and my deals are my colleagues and my well-wishers.

I succeeded as an efficient captain only because of my care and consideration for my staff. Whatever I provide for them is a capital for my business. I am an employee of my company more than an owner. I will do the job of any employee in case of an emergency. I did most of the work related to our food chain before starting my own establishment.

Q10- Have you had any plans of changing businesses and switching to a different position in your supply chain, and how have your personal qualities helped the successful transitions to these changes in the company?

I always wanted to become an entrepreneur of popularity. So when I was employed with other companies, I kept the ambition with me. Finally, I could reach the target. Now, I am contented with my decision making in the past. Every time, I have been training me to take the duties of an entrepreneur. My determination leads me to manage my firm and my staff. I am totally happy about my present establishment.

Sample 3

Questionnaire

Q1- How did you decide to enter this particular business, and are you are willing to grow the business?

My interest in equity analysis business began when I was doing my post-graduation in Economics.

I have extensive business expansion plan based on quality investment. Currently I am negotiating with a few foreign investors for further investment and I am sure that within couple of months I would be able to identify the right investor.

Q2- What in your opinion is your company position in the supply chain (s) your involved with?

The major advantage of our business is we don't need to depend on supply chain management. As a consulting firm our analytical skill is our moat.

Q2a- Are you feeling any pressure from customers and suppliers?

Our main pressure is radical change of economic conditions. Unpredictable market volatility can doldrums our analytical outcome.

Q3- What in your view are the main qualities of an entrepreneur?

As for me cognitive ability plays a major in our business. Success of our business is purely based on our analytical view. It is a combination of intuitive sense, facts and figures.

Q4- Research indicates personal and professional contacts are important for entrepreneurs, how have yours influenced your business and its development and growth?

Absolutely, like any other business personal and professional contacts enhance our business growth.

Q5- How you motivate people, your leadership skills, have they influenced the success of innovations and the company as a whole?

My unwavering commitment to objectivity sets the example for the whole firm.

We need motivation in every aspect of our life .In our industry per se we are self-motivated with the outcome of our analysis. I have a great fortune to work with talented and dedicated analyst. They enjoy shouldering more responsibilities.

Q5a- How does your leadership deal with the changing business environment?

You should be able to understand the reality that when the bubble is popped it has to be blown. Expecting success in every project you take up is like expecting to shoot a great round of golf the first time you pick up a set of clubs.

Q6- How does the long years of experience affect your will to grow the business further, and do you continue to aspire to growing the business?

All you need are patience, an understanding of accounting and competitive strategy and healthy dose of skeptical thought and growth is purely based on economic conditions.

Q7- Are you inclined to taking risks? If so, how has this tendency affected the positions of the company, its innovation and respectively its growth through the years?

My goal as financial consultant is to find wonderful business and purchase them at a reasonable price. Market is always capricious thing in the short term. Great companies can sell at a fire sale price and money losing ventures may

be valued as rosy futures. But over the long haul you have to get your hands dirty to understand the business. We should have the courage to take a stance that's different from the crowd

Q8- How much attention do you pay to maintaining your network and how have your contacts affected the company's growth?

My complete attention goes to identifying complete advantage and economic moat. Network and contacts are inevitable thoroughly understand the companies.

I don't think growth is possible for an entrepreneur without proper networking, because every network offer some sort of value addition.

Q9- If I may ask how do you evaluate your leadership skills and how have they affected the success of the company?

I have an investment philosophy. My job role is to identify companies with strong competitive advantage or economic moat and have a margin of safety in everything I do.

Q10- Have you had any plans of changing businesses and switching to a different position in your supply chain, and how have your personal qualities helped the successful transitions to these changes in the company?

Not at all, I ignore the day to day noise and make long term profitable long term investment decision. I always review what not to do because avoiding mistakes is the most profitable strategy. If I can steer clear the Common mistakes I can perform better than the pack.

Sample 4

Q1- How did you decide to enter this particular business, and are you are willing to grow the business?



It was my passion to enter this industry as I did my graduation in Management. I have been working as a senior manager for the past 15 years in a reputed company and it is my pleasure to continue here for my further prospect.

Yes, I look forward with confidence and I will succeed in it. I have made proper plans to achieve the target even in the midst of ups and downs. I do believe in steady progression where the growth will be stable and support the credibility of the firm and the employees.

Q2- What in your opinion is your company position in the supply chain (s) your involved with?

My company is seriously involved in the distribution of soft drinks all over the Gulf area. We focus on punctuality in delivering the products and we do have the good- will for the same. We have the facilities to supply our goods on time creating a good bond between the customers and the company. Practically, we are everything in the supply chain.

Q2a- Are you feeling any pressure from customers and suppliers?

To some extent, our pressure is out of our anxiety to keep the good will in the field of distribution without any failure. Prior planning and group discussions to execute the decisions are the keys behind our success. We are self-reliant. The oil price dip affected the industry. The retailers are not getting much business resulting in the availability of stock in the go down.

Q3- What in your view are the main qualities of an entrepreneur?

I have got a clear picture of entrepreneurship all through my career. I have seen so many entrepreneurs in my professional life getting me a good idea about this term. Ours is a distribution company which gives fulfillment of the business. The success of a business depends on entrepreneurship where the whole business gets molded. It shapes the business; brings it to perfection.

Q4- Research indicates personal and professional contacts are important for entrepreneurs, how have yours influenced your business and its development and growth?

Yes, I strongly agree with this comment. The tile of our company itself is 'Choice Distribution' indicating the role of the retailers in their selection of our firm. All the people, including general manager to van sales man involve

in the customer care contact all through the year. Customer feedback report will enable us to design our business to cater the needs of the retailers. All the employees are trained to keep good relationships with the people to whom they contact on daily basis.

Q5- How you motivate people, your leadership skills, have they influenced the success of innovations and the company as a whole?

Yes, I am confident in motivating people by a variety of strategies. My subordinates are my capital in the business. We give good ambience and state of the art facilities to our staff so that they get energized to work. We look into the personal lives of our workers and provided the needed as required so that they get a feeling of fellowship which results in the overall development of the company. The staff always value more what they produce. Any solution being designed is done in consultation with the people handling it and not just by the few of us at the top.

Q5a- How does your leadership deal with the changing business environment?

I have experienced the changing scenario of the economy which is very vibrant and highly demanding. So I am bound to accommodate the changes that happen in the contemporary business. We have already revised our execution strategies to cope with the oil price dip and its related effects which affected the present-day business.

Q6- How does the long years of experience affect your will to grow the business further, and do you continue to aspire to growing the business?

Yes, as I get much experience, it motivates me to go on with more enthusiasm and it demands more skill which can be attained through attending more training programs. We are planning to enter the field of many other distributions all over the Middle East such as food products, printing materials, vehicle accessories etc.

Q7- Are you inclined to taking risks? If so, how has this tendency affected the positions of the company, its innovation and respectively its growth through the years?

Of course, if I don't take risks, the company would not have grown so much. When I joined this company before 15 years, it was a small unit with a few staff. But now it has grown to a big establishment under my leadership having 300 employees. I see risks as a factor which can influence my motivation.

Q8- How much attention do you pay to maintaining your network and how have your contacts affected the company's growth?

I do believe in reviving relationships in business when there is need and when there is no requirement. I keep a slot of time in my career to contact my former clients to keep them fresh in my memory and let them remember me too. I am very active in social medias where I can easily get in touch with my customers and clients.

I have very effective contacting network which helps me to get connected to the concerned people.

Q9- If I may ask how do you evaluate your leadership skills and how have they affected the success of the company?

According to me, this question must be answered by someone else who closely observes our daily activities. I have given first priority to my staff by which they give the maximum output resulting in the success of our business and providing the maximum benefit to the society. Periodical department meetings, workshops, conferences etc. will enhance the working quality of the staff. They have the opportunity to raise their grievances any time to the management and they are ready to give ear to them even at mid-night.

Q10- Have you had any plans of changing businesses and switching to a different position in your supply chain, and how have your personal qualities helped the successful transitions to these changes in the company?

Not at the moment, I am totally involved in the business where I am now. Many occasions I came to think about joining some other firm where people draw very high salary, but that thinking I converted to motivation which helps me to draw the same or above in my own firm through hard work and widening my business.

Sample 5

## Questionnaire

Q1- How did you decide to enter this particular business, and are you are willing to grow the business?

I made a selection in my life when I opted for oil and gas industry as an HSE instructor. After completing my engineering diploma in oil and gas I did my NEBOSH course which supported my career for a decade and a half. I work with a safety institute in Muscat which provides HSE training to many companies in and around Muscat.

Because of my sincere effort to create an identity to my company, they trusted me to establish it further and gave me the freedom to develop it. I know very well the field and I have good relation with the companies which need our support and service. I am confident in flourishing it all over Oman.

Q2- What in your opinion is your company position in the supply chain (s) your involved with?

We are a training institute which provides safety training. We have so many trainers who extend training to a variety of companies. Training is our product and our customers are the employees of these companies. We can cater the requirement of our clients by assessing their needs by conducting surveys among the workers who get it.

Q2a- Are you feeling any pressure from customers and suppliers?

Regarding the completion of courses, there is no pressure. We are competent enough to complete the training and we give quality education. The only pressure that comes in between is the behavioral attitude of the trainees even after getting proper practice and mock drill. The attitude of the trainees is very important for the safety issues at any companies.

Another pressure is the termination of training programs due to the oil price dip. Big companies cancelled many of their programs.

Q3- What in your view are the main qualities of an entrepreneur?

The term 'entrepreneurship' has got a wider meaning as it is considered in the business environment.

As a training firm, all the competent trainers are our backbone. We have a team of efficient teachers who are well-qualified and experienced. They know how to change the attitude of the trainees and make them fit for the safety measures. They are all considered as entrepreneurs because they are visionaries. They know how to transform the learners. They trust in continuous progression.

Q4- Research indicates personal and professional contacts are important for entrepreneurs, how have yours influenced your business and its development and growth?

Of course, we have created a trade mark in the field of training. Every day, so many people contact us enquiring about safety training. We also do contact all the firms, especially, production units, where we can give our service.

There is a public relation wing for our company which is responsible for contacts and feedbacks. They do their job effectively.

Since safety is the first priority to many reputed firms, they need to get in touch with many companies like ours and we get enough and more contacts through our reputation.

Q5- How you motivate people, your leadership skills, have they influenced the success of innovations and the company as a whole?

Yes, as I believe, the employees should be motivated by so many means. First of all, they should feel that they are part of the institute where they work. They should get the fellowship of colleagues at any situations when they are in need of it. We maintain a culture where all are equal with different responsibilities. All of them have the access to contact each other without fail. As a team leader, I really focus on giving attention to the personal needs of our staff. We always appreciate creativity and recognize the people who contribute their role well. Rectifications will be done in consultation with the team as a whole convincing the need of it.

Q5a- How does your leadership deal with the changing business environment?

As a team leader, it is my responsibility to protect the firm when there is a challenge in front of us. I have the experience and caliber to manipulate the strategies to adjust with the changing situations. When we take the oil price dip into consideration, we have focused on other areas where we could sustain without any major setback

Q6- How does the long years of experience affect your will to grow the business further, and do you continue to aspire to growing the business?

My extensive experience gave me confidence to move on in the field of training and lead the team in a healthy way which can be a model to others. Skills training and safety training are very seriously attended by the business environment nowadays. We are very conscious about the future of this industry.

Q7- Are you inclined to taking risks? If so, how has this tendency affected the positions of the company, its innovation and respectively its growth through the years?

Right, I am so confident in facing risks on behalf of the company because we have the due reputation in executing the expectations even in the midst of difficulties. Shifting from one area to another is the effective strategy we applied whenever required.

Q8- How much attention do you pay to maintaining your network and how have your contacts affected the company's growth?

We have a good relationship maintenance team who evaluates the service provided by us and keeping in touch with the companies to whom extended service frequently. Also, we conduct seminars and workshops to the administration people to get them awareness about our products.

I strongly believe that nobody can survive in the business without a strong networking.

Q9- If I may ask how do you evaluate your leadership skills and how have they affected the success of the company?

I confidently believe that I have the credentials to be a good team leader and I proved it so far in my career. I mainly focused on strengthening the morale of the employees by taking them into consideration at all levels. We provide in house training and motivational speeches by eminent personalities to cater the psychological needs of the staff to strengthen their caliber. Our management is ready to sit around a table to discuss the issues related to the employees. They are given the freedom to approach the management even at mid-night.

Q10- Have you had any plans of changing businesses and switching to a different position in your supply chain, and how have your personal qualities helped the successful transitions to these changes in the company?

I have worked in different positions as a trainer, coordinator, supervisor and now as a team leader. All these changes happened in the same company. My growth was a perpetual growth and I am fully contented with the transitions. My changes have seen the development of the institution from a humble beginning to a great success. Our team is also proud of the visible success of the institution.

