

THESIS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN SOCIOLOGY

TITLE: A COMPARATIVE STUDY OF THE EFFECTIVENESS OF SMALL
BUSINESS ORGANIZATIONS - Towards an Economic
Interactionist Theory of the Small Firm

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The present research adopted as its focal point of study the higher participants in small owner-managed manufacturing firms in the Kingston area of Surrey.

A case-study approach was used in the research. The main-study sample consisted of eight firms drawn from the printing and electronics industries, i.e. four firms from each industry. In addition, an entrepreneur involved in the manufacture of wire products who was in the process of selling his firm to a public company before joining the latter as Managing Director, was investigated in order to assist in a deeper understanding of the situation of the small entrepreneur.

The principal findings of the study centred around an observed dynamic process of entrepreneurial goal succession. Individually determined entrepreneurial goals, many of them having an essentially non-economic nature, were shown to change over time. Further, the goals valued at any one time were seen to conform more or less closely with one of three hypothesized ideal type entrepreneurial roles, each based upon a separate latent social identity.

The three ideal type entrepreneurial roles were termed "Artisan", "Classical Entrepreneur" and "Manager". Various facets of entrepreneurial experience were found to be associated with entrepreneurial role type. Role specificity, job satisfaction, leadership style, role time intensitivity, environmental perception and business ideology were found to be dependent variables.

In accordance with the organizational goal model of organizational effectiveness, the structurally and culturally prescribed goals of the firms studied were found to be expressed essentially in terms of the concept of profit. This goal was seen, in turn, to have an identifiable relationship with each of the three entrepreneurial roles. This relationship resulted in a decline in entrepreneurial independence and discretion as the entrepreneur moved from occupation of the "Artisan" role to occupation of the "Classical Entrepreneur" role and, finally, to occupation of the "Manager" role.

The underlying motivation for entry into entrepreneurship, and for subsequent movement between entrepreneurial role types, was seen as being based upon experiences of social marginality. Each of the three ideal type roles was seen as possessing potential for a solution to marginality in a different area of the total entrepreneurial environment.

Finally, a scheme for an understanding of the firm's relations with its environment was conceptualized in terms of six facets of environmental control and an attempt was made to quantify them. The thesis questionnaires and case studies are presented in a separate volume accompanying the thesis.

THESIS FORMAT

The thesis is presented in eight parts. Chapter 1 explains the reasons for the research. These were the previous interest in small industrial organizations displayed by the sponsoring body (Kingston Polytechnic), and the previous sparsity of research into small firms.

Chapter 2 examines the contributions of existing theories towards an understanding of the small firm, and establishes a continuing need for the development of an adequate descriptive model of the small firm.

Chapter 3 describes the methodology used in the research in an essentially chronological order. The chapter also examines some of the theoretical consequences of the approach adopted.

Chapters 4 and 5 attempt to explain the history and structure of the two industries from which the research study firms were drawn, i.e. the printing and electronics industries.

Chapter 6 presents a summary and discussion of the case-study results (the case-studies themselves and the questionnaires used in generating them, are presented in the appendices accompanying the thesis).

Chapter 7 is based on a presentation of the research conclusions and an examination of their theoretical implications.

Chapter 8 outlines recommendations for future research work in small firms.

- 1.0 THE REASONS FOR THE CURRENT RESEARCH
- 1.1 THE PREVIOUS RESEARCH WORK CARRIED OUT AT
 KINGSTON POLYTECHNIC
- 1.2 THE PREVIOUS SPARSITY OF RESEARCH INTO THE
 SMALL FIRM
- 1.3 THE PREDOMINANCE OF SMALL FIRMS IN THE
 NATIONAL ECONOMY
- 1.4 THE NEED FOR AN ADEQUATE DESCRIPTIVE MODEL
 OF THE SMALL FIRM

THE NEED FOR AN ADEQUATE DESCRIPTIVE MODEL
OF THE SMALL FIRM

1.1. THE PREVIOUS RESEARCH WORK CARRIED OUT AT KINGSTON POLYTECHNIC

The research work involved in the preparation of this thesis was carried out by the author in his role as a Research Assistant in what is now the School of Management at Kingston Polytechnic. The work was an extension of a previous investigation carried out by members of the full-time teaching staff in the department.

The staff involved in the former investigation, three principal lecturers, three senior lecturers and a lecturer, investigated the effect of environmental influences upon organizational efficiency in a range of organizations. Their sample of organizations had comprised 8 engineering firms, 2 bakeries, 2 hospitals, a firm of boat builders, an hotel, a research association and a trade union district office. The organizations were all either small or medium sized, only one of them employing more than 300 personnel.

This previous research project had been guided from the outset by the following hypothesis:

"Any organization that forms close contact with its society and makes appropriate use of external sources of aid will be more efficient than any organization that works as much as possible in isolation".

In the case of each respective organization, members of the college staff had convened meetings with their specialist counterparts within the organization and allocated marks for performance under a pre-determined set of headings which were considered to represent important facets of organizational functioning. These were as follows:

- (1) the personality of the chief executive,
- (2) the productivity of the organization,
- (3) organizational innovation,
- (4) organization structure,
- (5) personnel selection, and
- (6) the organization's control of income and expenditure.

in each of the above areas of organizational functioning, and this figure was taken to represent the individual organization's "General Efficiency Quotient".

A single member of the research team, Doctor Stanley Hyman (who published the findings of the investigation^{1,2} and assisted in the supervision of the present research project), carried out a further appraisal of the performance of the above organizations in the context of their relations with the environment and derived a "Social Efficiency Quotient" for each organization as a mean figure of the marks allocated for their performance in using:

- (1) external aids to management (management consultants, research associations, etc.),
- (2) suppliers,
- (3) product marketing techniques,
- (4) outside sources of finance,
- (5) policies for the recruitment of personnel, and
- (6) policies for research and development.

The results from this investigation acted essentially to reinforce the validity of the hypothesis stated by the researchers at the outset of the investigation, indicating the dependence of organizational performance upon the organizations' relations with the environment. It was on the basis of these findings that the author carried out further research into the functioning of small organizations.

The research workers involved in the above investigation experienced difficulties in attempting to make assessments of performance in the non-manufacturing organizations studied, and this led the author to restrict his own efforts essentially to industrial manufacturing organizations, though several visits were made to a local hospital during the initial stages of the work.

The author began the present project in September 1967, and saw research into small firms as being justified on several grounds:

- (1) The previous sparsity of research into small firms: previous researchers have tended to direct their efforts towards the study of large bureaucratic organizations almost to the exclusion of their smaller counterparts.

ing less than 200 personnel constitute the large majority of all firms in the national economy.

- (3) The need for an adequate descriptive model of the small firm: whilst the previous research carried out in the department (above) indicated the importance of the small firm's relations with the environment, the task of defining empirically derived elemental sub-environments, and relating these to human goals and processes within the firm, still remained. In addition, the likelihood of both ownership and control in the small firm being vested in a single role occupant or small group, was seen as presenting a need for the empirical investigation of both entrepreneurial and organizational goals and the relationships existing between them.

1.2. THE PREVIOUS SPARSITY OF RESEARCH INTO THE SMALL FIRM

Social scientists have tended to neglect the small firm and the amount of research in this area has been relatively little. Industrial sociologists, perhaps partly due to the influence of Weber and Mayo in the early years of the discipline, have tended to neglect the small firm. Even the economists, despite the fact that the model of the firm in classical economic theory is the owner managed firm, in practice pay more attention to the large firm.

Perrigo, Director of the Aston University Small Business Centre, commenting on the sparsity of research information on small businesses, has said:

"Despite the significance of the small-business sector, and of the high proportion of the total labour force engaged therein, there is remarkably little fundamental internal knowledge (although there have been many industry studies) which has as yet been obtained regarding small businesses, compared with that which has been made available on larger businesses". 3

Perrigo has suggested three practical reasons for the apparent absence of research into the small firm. The author saw no reason, either prior to the current research or in hindsight, to refute these reasons. They are:

- (1) The greater difficulties involved in obtaining reliable and representative information from small firms. This situation arises partly because the jargon and background of the researcher is likely to have greater similarities with that of managers in large firms than small ones, thus presenting a problem of communication for the researcher in the small firm. In addition, historical records and documentary information are more likely to be lacking in the small firm than in its larger counterpart.
- (2) The heavier day-to-day pressures on management in small firms, making it more difficult for them than the managers of large firms to meet the researchers' required co-operation and contact time.

show more immediate and precise results than research in small firms because of the greater variety of observations in the smaller sector and the potentially greater diversity of motivations and objectives amongst owner-managers than amongst professional salaried managers in large joint-stock companies.

The Impressionistic Nature Of Existing Literature On The Small Firm

The topic of small firms has not passed completely without mention in the literature. Business writers have commented upon the small firm but only essentially in very general and impressionistic terms. In this context, Lester⁴ has recently made the apparently just claim:

"The troubles of small firms are often discussed in general but rarely in particular; often in terms of pressure and panacea, never of people".

Lester's claim concerning the nature of the existing literature on small firms appears to be well borne out. For example:

Wilfred Brown has said:

"The nameless hundreds of small firms who experience the full impact of intensely anxiety-provoking day-to-day competition for the business without which they cannot continue operations, are those which often cannot undertake product development, cannot provide good work conditions, cannot successfully export. Sometimes they are not national assets but squanderers of those assets".⁵

Michael Shanks has commented:

"Small firms are much less well equipped than large firms to gain access to new methods, processes and techniques. The small firm cannot readily afford to employ a management consultant, nor would he normally know which consultant could best help him. The small firm can less readily spare an executive to attend a managerial training course; nor would he normally be able to judge what would be the best course to attend".⁶

And Martin Rudd has said:

"... the recent difficulties of the smaller businesses are by no means solely due to the growing importance of genuine technical economies of scale. Its problems are also attributable to a certain lack of effective countervailing power both to the big organizations' sheer market strength and to their superior market speed in adapting or adopting modern methods of operation that, in principle, are equally available to the small firm".⁷

The British Productivity Council, in its publication, "Tackling the Problems of the Smaller Firm"⁸, has linked inefficiency in small firms, as represented by a relatively low rate of profitability, to management attitudes

a very general context:

"The significant indication of inefficiency in the smaller firm, is to be found in the return on capital employed, which is often as low as 7 per cent before tax. The inadequate reserves and poor growth record which is inevitable with such a return, often do not worry owners until they want to raise more capital or sell out for retirement, or to meet death duties. These matters, however, exert a profound effect on the business outlook of smaller companies, preventing them from taking normal commercial risks on new projects, purchasing in quantity at advantageous discounts, or installing more up-to-date equipment or improving amenities.

The main cause of these shortcomings is toleration by top management of circumstances which do little more than enable the directors, as working executives, to get a living wage out of the business. Secondary causes are the widespread lack of management training and sometimes even a complete failure to realise that techniques are available to assist them to bring about a better result".

The author does not wish to infer that the claims made in the literature concerning small firms are not valid. On the contrary, many of the writers concerned appear to possess a wealth of detailed, though largely undocumented, knowledge. For instance, Hutcheson and Lee, Managing Director and Executive Director of NUMAS, the management consultancy firm which specializes in dealing with the problems of small firms, in an article in The Stock Exchange Gazette, have said:

"We would summarize the main difference between large and small firms by the sweeping generalization that the large tend to be inefficient in administration but efficient in the use of capital, whilst the small tend to be efficient in administration but inefficient in the use of capital.

In the small firm, the main symptom of inefficiency is to be found in the return on capital employed. Too many small companies carry on year after year with a return of 5%, 6% or 7% on capital, before the Inland Revenue claim their due and reduce the figure by half".⁹

However, such statements, no matter how well founded in personal experience, contribute relatively little towards the development of a working model of the small firm. Further, even the claims made do not go unchallenged. For instance, Samuels and Smyth¹⁰, in studying firm size and profitability, have claimed an inverse relationship, contrary to the claims of Hutcheson and Lee. However, it is relevant that the smallest size grouping used by the

However, despite the impressionistic approach of many writers towards the small firm, more precise statistical data on the number of small firms does indicate an important role for them in the national economy. As a recent Confederation of British Industry publication put it, if Britain's small firms were to close down to-morrow, "most of Britain's larger firms would grind quickly and painfully to a halt".¹¹

1.3. THE PREDOMINANCE OF SMALL FIRMS IN THE NATIONAL ECONOMY

The tendency for firms to grow, both from within and by mergers, could be interpreted as an indication that the small firm is a remnant of the industrial revolution doomed to extinction in the near future. However, the available data do not appear to support this view nor do they justify the neglect of the small firms by social scientists.

Whilst it is true that the economy is essentially dominated by large firms because of their large-scale productive capacities and their ability to provide employment for the greater part of the national workforce, numerically the large majority of firms in the economy remain small.

The recently created Small Business Centre at Aston University, in a publication¹² explaining its functions in assisting small business in the West Midlands, has claimed:

"Official Government statistics show conclusively that despite the tendency for industrial organizations to grow or merge into larger units, the small firm still occupies a significant and important place in the British economy. For example, Ministry of Labour returns reveal that approximately 188,700 of the 195,000* establishments** in British manufacturing industry employ under 250 people. Even ignoring the very small firms with under 10 employees, there are some 48,700 manufacturing establishments out of 55,000 employing less than 250 people. From these figures, it seems safe to conclude, that 90 per cent of the firms in Great Britain are small, on the definition of having up to 250 employees".

* This figure is based on a definition of manufacturing industry as comprising all of the 17 Standard Industrial Classification Orders included in the Census of Production. However, other references to manufacturing industry sometimes state a figure of 90,000 establishments. This figure complies with the Board of Trade definition of manufacturing industry as constituting Standard Industrial Classification Orders III to XVI, i.e., excluding Agriculture, Forestry and Fishing; Mining and Quarrying, and Construction from the above.

** The Ministry of Labour definition of "Establishment" is: "The whole of the premises AT A PARTICULAR ADDRESS". The term "Enterprise" is used to refer to a multi-plant or multi-establishment organization.

ANALYSIS OF MANUFACTURING INDUSTRIES BY SIZE OF ESTABLISHMENT
WITHIN EACH INDUSTRY, 1963.¹³

(Reproduced from the
1963 Census of Production Summary Tables)

Standard Industrial Classification minimum list heading	Industry and size group (average number employed at each establishment)	Establishments	Net Output	Total Employment
		Number.	£ million	Thousand
ORDERS III - XVI	ALL MANUFACTURING INDUSTRIES			
	1 - 5	17,719		62
	6 - 10	13,112	629	103
	11 - 24	20,892		353
	25 - 49	9,224	400	339
	50 - 99	9,033	743	635
	100 - 199	6,449	1,097	905
	200 - 299	2,697	835	655
	300 - 399	1,450	649	499
	400 - 499	844	508	376
	500 - 749	1,083	890	656
	750 - 999	534	682	462
	1,000 - 1,499	520	965	632
	1,500 - 1,999	239	616	409
	2,000 - 2,499	135	474	301
	2,500 - 2,999	79	330	216
	3,000 - 3,999	79	442	269
	4,000 - 4,999	51	342	225
	5,000 - 7,499	45	404	267
	7,500 - 9,999	18	222	152
10,000 and over	23	480	324	
	Satisfactory returns	84,226	10,709	7,839
	Unsatisfactory returns	5,723	142	121
	Total	89,949	10,851	7,960

TABLE 1

areas of the economy such as personal services, construction and retailing. (For example, a recent estimate claimed that there were 450,000 independent shopkeepers in Britain.)¹⁴

The size distribution of manufacturing firms in other private enterprise economies indicates that the importance of small firms in the national economy is not characteristic solely of Britain. (See Table 2.)

MANUFACTURING ESTABLISHMENTS CLASSIFIED BY SIZE¹⁵

	<u>Under 50</u>	<u>50-199</u>	<u>Under 200</u>	<u>200-499</u>	<u>500-999</u>	<u>Over 1,000</u>
U.K. *	73.1%	18.1%	91.2%	5.7%	1.8%	1.3%
Germany *	76.4%	16.6%	93.0%	4.6%	1.4%	1.0%
France *	95.8%	3.2%	99.0%	0.7%	0.2%	0.1%
Sweden +	85.8%	7.0%	92.8%	6.2%	0.7%	0.3%
Norway +	94.0%	5.0%	99.0%	1.0%	-	-

* 1958 figures

+ 1961 figures

TABLE 2

None of the literature examined by the author contained statistics on the size distribution of firms in the United States of America*, often regarded as the home of the large corporation. However, data were subsequently provided, at the author's request, by the American Small Business Administration.** This information (see Tables 3 and 4) was derived using classification systems different to those used by the Board of Trade in the United Kingdom, but never-

* The author established contact with Bernard Weatherill, M.P. (author of "Acorns to Oaks"); the Confederation of British Industry (publishers of "Britain's Small Firms"), and the American Commercial Library in London, in an attempt to acquire data on the size distribution of firms in the United States of America. However, though none of these parties had figures available, both Bernard Weatherill and the American Commercial Library were good enough to supply the author with the address of the American Small Business Administration.

** The author received the generous assistance of Mr. Clyde Bothmer, Acting Associate Administrator: Procurement and Management Assistance. Bothmer made Tables 3 and 4 available and also two chapters of the doctoral dissertation of a member of his staff, James Ira Mills, entitled: "A Study of Small Business and Federal Government Programs to Assist Small Business". The chapters made available were entitled: "The Business Population", and "Structure of Industry in the United States" respectively.

NUMBER OF COMPANIES DISTRIBUTED BY EMPLOYMENT SIZE
CLASS OF COMPANY - UNITED STATES, 1963¹⁶

<u>Employment Size Class of Company</u>	<u>Number of Companies*</u>	<u>Percent Distribution 1/</u>
No employees**	1,268,826	38.5
1 to 19 employees	1,845,403	56.0
20 to 99 employees	152,164	4.6
100 to 249 employees	17,450	0.5
250 to 499 employees	4,929	0.1
500 to 999 employees	2,246	0.1
1,000 to 2,499 employees	1,265	< 0.05
2,500 to 4,999 employees	479	< 0.05
5,000 to 9,999 employees	281	< 0.05
10,000 employees or more	270	< 0.05
All Companies	3,293,313	100.0

1/ Column does not add because of rounding

TABLE 3

* The data in Table 3 exclude professional services (physicians, dentists, accountants, lawyers, etc.) and agriculture enterprises. The data also excludes concerns engaged in construction, transportation, communication and public utilities; finance, insurance, and real estate; mining establishments with no employees and less than \$500 in shipments or expenditures; manufacturing and wholesaling enterprises with no employees; retail enterprises with no employees and less than \$2,500 in sales annually; and services enterprises with no employees and less than \$1,000 in receipts annually. Further, the data in Table 3 are identified with the aggregate company concept which is utilized to reflect the parent company and all subsidiaries and affiliates under its ownership or control.

** These are no paid employee concerns usually operated as sole proprietorships who may utilize members of their own family as unpaid workers.

NUMBER OF BUSINESS REPORTING UNITS, BY EMPLOYMENT SIZE
UNITED STATES - FIRST QUARTER, 1968¹⁷

<u>Employment Size Classes</u>	<u>Number of Reporting Units*</u>	<u>Percent Distribution</u>
1 to 3	1,815,244	51.8
4 to 7	708,594	20.2
8 to 19	568,762	16.2
20 to 49	252,021	7.2
50 to 99	84,443	2.4
100 to 249	48,104	1.4
250 to 499	15,343	0.5
500 or more	10,942	0.3
	<hr/>	<hr/>
Total reporting units	3,503,453	100.0
	<hr/>	<hr/>

TABLE 4

* The data in Table 4 counts each manufacturing location of a company as a separate unit, while non-manufacturers are counted only once in each county in the United States for each industry in which they operate.

theless, serves essentially to imitate a duplication in the American economy of the concentration of firms at the small end of the size spectrum which has been noted in other major Western economies.

The growth of concern with small firms in the United Kingdom has led to the development of an expanding superstructure of aids and advisory services directed towards making available to small businesses the modern management techniques normally associated with large firms. These include the Ministry of Technology's Industrial Liaison Service, the British Productivity Council's local Productivity Associations, the Industrial and Commercial Finance Corporation and the National Economic Development Council. University business schools and similar bodies are also beginning to fulfil a role in assisting the small firm and an important example here is the Aston University Small Business Centre. Formed with the aid of a grant from the Department of Economic Affairs, teaching staff at the centre take on consultancy work for small firms in the West Midlands.

In recent years, many countries, America, Federal Germany and Japan in particular, have devised some form of Small Business Administration in order to assist small firms with consultancy and information services. In the United States, recent years have witnessed the formation of the Senate Select Small Business Committee, the White House Small Business Committee, and the Small Business Administration. The latter assumes responsibility for making direct or bank-participation loans to small firms to expand working capital and finance growth and, in addition, supplies management counselling and ensures that small firms inherit a fair share of government procurement contracts.¹⁸

Evidence that the British Government may soon adopt a similar approach, based upon an assessment of the economic and social importance of small firms, is presented by its pilot scheme in 1968 to assist small firms in Bristol and Glasgow with consultancy fees. In addition, in July 1969, the Labour Government sponsored the formation of a Committee of Enquiry under the chairmanship of John Bolton¹⁹ (chairman of Growth Capital Limited and former chairman of the Council of the British Institute of Management) to investigate "The Role

The Enquiry's terms of reference are as follows:²⁰

"To consider the role of small firms in the national economy, the facilities available to them and the problems confronting them; and to make recommendations. For the purpose of the study a small firm might be defined broadly as one with not more than 200 employees, but this should not be regarded as a rigid definition.

In the course of the study it will be necessary to examine in particular the profitability of small firms and the availability of finance. Regard should also be paid to the special functions of small firms, for example, as innovators and specialist suppliers".

The Conservative Party itself is committed to setting up a Small Business Development Bureau,²¹ the potential role of such a body being: "to assist in the maintenance of a strong diversified foundation of healthy small firms and to develop constructive policies and programmes on behalf of such firms".

The TUC, in its own evidence to the Bolton Committee, has made a similar proposal in the form of a recommendation for the formation of "a Small Business Service preferring advice and practical assistance to firms with under 200 employees on such questions as personnel management, industrial relations, training and technological innovations".²²

Pending the possible formation of a body along the lines proposed by the Conservative Party and the TUC, small businessmen themselves have formed a voluntary body, the Small Businesses Association, to function essentially as a lobby for presenting the views of small businessmen.

The Role Of The Small Firm

The continued predominance of small firms in the economy indicates an important role for them. This role may take the form of either a service function, complementary to that of their large counterparts, or an innovational function, exploiting new ideas of their own conception.

In the former case, the small firm may be seen as occupying a situational or complementary role in the economy situated in between the large firms and providing either those goods and services required by large firms themselves or, alternatively, other goods and services which large firms do not wish to

small firm as being essentially that of exploiting the "interstices", or profit opportunities in the economy, not exploited by large firms. As an example of the situational role of small firms, the Conservative Party's publication on small firms claims that approximately 70 per cent of every British car is manufactured by small firms in the form of sub-contract work for the large car firms.²⁴

In an innovational role, small firms may be seen as basing their activities on a new idea, product or invention, with possibilities for substantial growth. Here the role of the entrepreneur accords essentially with that envisaged by Schumpeter²⁵ and corresponds with Carlyle's faith in the role of the "great man" in formulating history. Classic examples of small firms which have filled this role and subsequently grown to become large firms are the Lesney toy company manufacturing "Matchbox" toys which was formed soon after the war on a capital of £600, and now has an annual sales turnover of over £19M; the Kenwood Manufacturing Company, manufacturing domestic appliances and formed as a small firm in 1947, now has annual sales in excess of £4M; Leiraset, formed on the basis of an idea for transferable lettering systems in 1956, now has an annual sales turnover of more than £4M; the Dexion company, also founded as a small firm soon after the war, now achieves sales in excess of £3½M per annum in Dexion slotted angles. Solartron Electronics, the Buxted Chicken Company, Acrow, Xerox, Bartonair, M.Y.Dart, etc., are further examples of small firms which have grown as a result of innovations.

Thus, in view of both the apparent importance of the small firm in the national economy, and its apparently recent recognition, the field of small firms was seen as one requiring original research.

1.4 THE NEED FOR AN ADEQUATE DESCRIPTIVE MODEL OF THE SMALL FIRM

The separation of ownership and control in the large firm^{26, 27} has been essentially accepted by economists as having structured the subordination of the organizational goal of profit maximization in favour of a "satisficing"

sumed that professional managers are not motivated to maximize profits because remote shareholders, rather than themselves, receive the bulk of these profits. As a result, it is assumed that non-owner-managers will be willing to sacrifice a certain amount of profit in order to facilitate the attainment of their own personal goals, e.g. independence, security, etc.

Implicit in this assumption is the notion that the coincidence of both ownership and control in the owner-managed firm will yield a greater motivation towards profit maximization. Thus, research in small firms presented an opportunity for testing this hypotheses in a situation where the relationship existing between organizational goals and entrepreneurial goals was, within the limits imposed by the needs of organizational survival, open to interpretation by the entrepreneur without reference to an absentee ownership.

Though in classical economic theory, the self-employed entrepreneur is assumed to pursue a single goal synonymous with the organizational goal of profit maximization, in practice he may possibly experience greater potential discretion for pursuing entrepreneurial goals of a non-economic nature than does his professional counterpart in the large public company.

If the essential characteristic of the large joint-stock company is seen as being the separation of ownership from control, then, in contrast, the small owner-managed firm may be seen as presenting a special case of the separation of personally assigned entrepreneurial goals from the structurally prescribed functions of entrepreneurship, i.e. long-term-profit-maximization. For the potential autonomy of the self-employed entrepreneur in defining entrepreneurial goals not fully aligned with, or even at variance with, the goals of the entrepreneurial function - organizational goals, presents a very special situation with which the conventional models of the firm make little attempt to come to terms. Further, the potential of the self-employed entrepreneur to institutionalize entrepreneurial goals, thus giving them some of the characteristics of organizational goals, is likely to confuse the traditional assessment of organizational effectiveness.

and employee managers in the small firm, legitimized and reinforced by business ownership, were seen as representing an opportunity for the study of organizational decision-making. It was considered that the concentration of decision-making opportunities in the hands of the entrepreneur would facilitate both a comparison of stated goals with those goals pursued in practice, and a study of the firm's resulting relationships with the environment.

One facet of the neglect of the small firm by social scientists has been a failure to study the individuals who set up and run such firms. Reports on bankruptcy proceedings show that running a small firm involves a relatively high element of risk. People who choose to adopt this role in our society are presumably aware of the risks involved, and yet seek it out of their own volition. This suggests that, given a near full employment economy offering a wide range of occupational roles - many of them well rewarded - the self-employed entrepreneur is likely to be a socially interesting individual.

Researchers in Britain and in other countries have shown that, whilst the desire for self-employment appears to be fairly widely held, the chances of an employee going into business for himself are relatively small. For example, Goldthorpe et al in "The Affluent Worker: Industrial Attitudes and Behaviour",²⁹ reported that a fairly large proportion of their sample of manual workers had thought about going into business for themselves, but that the number who had done more than merely think about it was relatively small:

Attitude Towards Self-Employment	Manual Workers	White-Collar Workers	Chinoy's ³⁰ Sample of American Car Workers
Have never thought of this	27%	44%	40%
Have thought of this but not seriously	37%	37%	41%
Have thought seriously of this	25%	15%	19%
Have tried to run own business in past, or are trying now part-time	12%	4%	-

Goldthorpe et al did not locate those individuals who had actually left employment and entered into entrepreneurship, but there is no reason to assume that there were very many. Further, whilst the researchers did not ask questions directly on the specific appeals of self-employment, most of their respondents offered spontaneous comments. These indicated that the respondents aspired towards a relatively high level of economic rewards, and also intrinsic job gratifications - particularly independence and autonomy in the work role. The following comments were seen as having "captured the spirit" of many of those who favoured self-employment:

"If you have your own business, you work for yourself; you get the profits and you're the boss. It's all a matter of money. Anyone with money and sense would work for themselves."

"I should like to engage in some business where I wouldn't be limited. I don't know what that would be - catering or a boarding house perhaps, or I fancy myself as a publican. But I'd like something where I could make my own way."

"I've been thinking about it for over a year. There's an opening for me making sports trophies for my father's firm, but I need the capital to buy machinery. If I could get this, I'd be alright. There's a lot of money in it, and it's interesting work - craftsmanship you might say."

The above statements indicate either directly or indirectly, potential entrepreneurial goals - those of economic rewards, independence and self-expression. However, there is no indication from their research results as to which, if any, of these statements is most typical of the minority of aspiring entrepreneurs who actually enter self-employment. Further, even if the above statements are typical of the individuals who become first generation entrepreneurs, there is no guarantee that they would apply equally to entrepreneurs of subsequent generations.

It is assumed in classical economic theory that the self-employed entrepreneur, besides following goals different in nature to those pursued by his professional counterpart in the large firm, will subscribe to a different business ideology, i.e. that of laissez-faire. However, in practice, there appears to be disagreement on this latter point. For instance, in a recent paper, Arent Van Beck³¹ has claimed a high frequency of Communist voting on the part of small manufacturing entrepreneurs in France:

in 1900, out of a total of 1,000 industrial firms, 401,000 had no employees at all, and an additional 185,000 employed only one wage earner. They are an escape hatch for the working class, and the Communist Party relies heavily and successfully on their vote".

On the other hand, Bunzel,³² in America, has distinguished between the liberal underdog legend, associated with the small businessman, and the small businessman in action. Bunzel found that the liberal sentiments and attitudes, which led large numbers of people to identify sympathetically with the small businessman in his structural situation as an industrial "underdog", were, in turn, imputed back to the small businessman. In contrast, Bunzel sees as a more reliable indication of the ideology of the small businessman the latter's support of extreme right-wing political movements:

"It is no longer a revelation that the right-wing Poujadists in France, the neo-Fascists in Italy, the Nazi movement in Germany, and McCarthyism in this country (U.S.A.) all received heavy support from small businessmen".

Bunzel goes on to stress the point made by Kornhauser³³ that the above responses by small businessmen in Nazi Germany were not structured essentially by the crisis in modern industrial capitalism, but by its very order. For, whereas white-collar employees were not marginal to the order of established capitalism, only its crisis, the small businessman was marginal to the order of modern-day large-scale bureaucratic capitalism and perceived its crisis as structuring a possible solution to their marginality by allowing identification with a force which promised changes in the political, social and economic direction of society, resulting in a less important role for large-scale bureaucracy.

From a standpoint which appears structurally consistent with the above, Bechhofer and Elliott³⁴ have linked the processes of bureaucratization in modern Capitalist society with a decline in the economic and status situation of small businessmen and a decline in their political influence. As a result, Bechhofer and Elliott argue, the small businessman's membership of the middle class has become increasingly tenuous, resulting in a situation of structural marginality.

The concept of "status inconsistency" has been invoked by many writers

ular political parties. However, status inconsistency has been linked, in turn, with both liberal (Lenski)³⁵ and extreme right-wing (Rush)³⁶ bodies of political thought.

Thus, it appears that, to date, the claims of Beck and Lenski et al, on the one hand, and Bunzel, Kornhauser, Lipset³⁷ and Rush et al, on the other, have not yielded an entirely consistent image of the individual occupying the role of the small businessman.

The current research into small firms was seen as presenting a valuable opportunity to investigate not only the business ideology of the self-employed entrepreneur, but also that of employee or professional managers in a small firm setting, in an attempt to compare his business ideology with that of the small businessman himself and the professional manager in the large firm respectively (in the latter case, the comparative data were available in the literature).

However, just as Bechhofer and Elliott have examined the situation of one group of small businessmen in particular - shopkeeper - the current research is based upon an examination of small entrepreneurs in manufacturing industry in the Kingston area. The researcher claims no statistically valid generalizations for results stemming from the research but considers that the results generated from the current research can have some potential in aiding a knowledge and understanding of small businessmen at a general level and may be used as a guide for structuring the formulation of future studies in this area.

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19. PITTS, B., and STANWORTH, J., "Cutting The Tape", (Business Management, April 1970)
20. "Committee Of Inquiry On Small Firms", ('Terms Of Reference' and 'Biographical Notes' on Members of the Committee)
21. WEATHERILL, B., and COPE, J., "Acorns To Oaks", (Conservative Political Centre, 1969)

22. Evidence by Trades Union Congress to Bolton Committee on Small Firms, 1970
23. PENROSE, E. T., "Growth Of The Firm", (Oxford, Basil Blackwell, 1966)
24. "Acorns To Oaks", Conservative Political Centre op. cit.
25. SCHUMPETER, J., "The Theory Of Economic Development", (Harvard University Press, Cambridge, 1934)
26. NICHOLS, T., "Ownership, Control And Ideology", (George Allen and Unwin Ltd., 1969)
27. The point has been made by several writers that owners and controllers are not in fact distinct groups in any important sociological sense. FLORENCE, P. S., has said: "... there is certainly evidence for believing that the managerial revolution has not proceeded as far as is sometimes thought (or stated without thought) and that leadership and the ultimate decision on top policy may remain in many companies or corporations with the larger capitalist share-holders. The case for the existence of such a type of quasi-entrepreneur government in companies or corporations rests on five ascertained points of fact: (1) the highly unequal distribution of share-holding as a whole so that, on average in large companies, twenty share-holders out of some ten-to twenty-thousand hold, in America and Britain, nearly a third of voting shares; (2) the highly unequal distribution among these twenty largest share-holdings and particularly the size, on average, of the largest holding; (3) the family and other connections that can often be traced between many of the twenty largest share-holders, making them a coherent group; (4) the nature of the largest shareholders which in many companies are themselves companies; (5) the fact that many of the large share-holders are often directors; or if these share-holders are companies, that the directors of these share-holding companies are often directors of the company whose shares are held. ("The Logic Of British And American Industry", Routledge and Kegan Paul, 1953, pp.193-4.) Also see AARONOVITCH, S., "The Ruling Class", (London: Lawrence and Wishart, 1961) and MILLIBAND, R., "Professor Galbraith and American Capitalism", (The Socialist Register, London: Merlin Press, 1968) and also LUPTON, T., and WILSON, S., "The Social Background And Connections Of Top Decision Makers", (Manchester School of Economics and Social Studies, January 1959).
28. Published statistics in this area to date leave something to be desired. For instance, BECHHOFFER and ELLIOTT, in their examination of the class situation of the small shopkeeper, have said: "given the economically precarious nature of shopkeeping, the statistics that indicate little changes in the numbers of small businesses must conceal the fact that there is a steady flow of new recruits to fill the places vacated by those who have been forced out of business. Hard data on this matter have proved elusive, but there can be little doubt that rates of failure are high", (BECHHOFFER, F., and ELLIOTT, S., "An Approach To A Study Of Small Shopkeepers And The Class Structure", European Journal of Sociology, 9, 1968, p.185). Board of Trade statistics on failures in manufacturing industry are available (see PITTS, B., and STANWORTH, J., "Cutting The Tape", Business Management, April 1970, p.28). However, a breakdown by size in terms of numbers employed is still lacking. However, the failure of 100 private companies, compulsorily liquidated in 1965, showed that over 80% had a paid-up share capital of less than £2,000.

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CHAPTER TWO: AN EXAMINATION OF EXISTING APPROACHES TOWARDS AN
UNDERSTANDING OF THE FIRM

2.1. THE ECONOMISTS SCHOOL

- 2.1.1. THE CLASSICAL APPROACH USING A SOCIETAL FRAME OF REFERENCE
- 2.1.2. THE MODERN APPROACH USING AN ORGANIZATIONAL FRAME OF REFERENCE
- 2.1.3. THE ECONOMISTS AND THE SMALL FIRM

2.2. THE ORGANIZATIONAL THEORISTS SCHOOL

- 2.2.1. THE CLASSICAL APPROACH USING A SOCIETAL FRAME OF REFERENCE
- 2.2.2. THE CLASSICAL APPROACH USING AN ORGANIZATIONAL FRAME OF REFERENCE
- 2.2.3. THE MODERN APPROACH USING A SOCIETAL FRAME OF REFERENCE
- 2.2.4. THE MODERN APPROACH USING AN ORGANIZATIONAL FRAME OF REFERENCE
- 2.2.5. THE ORGANIZATION THEORISTS AND THE SMALL FIRM

2.3. A CONVERGENCE OF THE SCHOOLS - TOWARDS A GOAL
INTERACTION MODEL OF THE FIRM

- 2.3.1. THE CURRENT RESEARCH

The wide-scale proliferation of organizations in modern society has promoted a far-reaching interest in both their functions and associated processes. This, in turn, has been responsible for the precipitation of an impressive volume of literature directed towards an understanding of organizations. However, this broadly based literature does not approximate to any single unitary theory of organizations. On the contrary, as Mouzelis¹ says in his published Doctoral thesis on organizations:

"The volume of literature on this subject, and its rate of increase, is as impressive as the magnitude of the phenomena which it tries to analyse and explain. Moreover it is not only the sheer volume of studies which is enormous and bewildering, but also the multiplicity of points of view from which organizational phenomena have been examined."

An indication of the bulk of literature on organizations is given by Blau and Scott² who, in their "Formal Organizations: A Comparative Approach," written nearly a decade ago, said, as an introduction to their appended bibliography: "The more than 800 items in the bibliography which follows, present a third of the bibliography which we have compiled."

Scott later commented on the pervasiveness of organizational studies in his contribution to R.E.L. Faris' Handbook of Modern Sociology:³

"Organizations being ubiquitous, sociological explorations in virtually every substantive area have been compelled to take account of their presence. While the analysis of organizations is the stock in trade of the industrial and military sociologist, the last two decades have seen the investigation of organizations or organizational phenomena in such diverse areas as criminology, mental health, medicine, secondary and higher education, religion and social welfare."

Probably the most extensive single publication in the field of organizations is E.J. March's "Handbook Of Organizations." March⁴ claims that:

"The names associated with interest in the problems and phenomena of organizations are impressive. There is scarcely a major philosopher, historian, or biographer who has overlooked the management and perversities of organizations."

literature on organizations.

It has been said by Presthus⁵ that we live in an 'organizational society', and Etzioni⁶ has said: "We are born in organizations, educated by organizations, and most of us spend most of our lives working for organizations." Though the many writers on organizations have been concerned with different types of organizations, the essential focus has almost certainly been on industrial organizations, and essentially large ones at that. This is perhaps not without due cause for, though modern society is often described as an 'organizational society', it is essentially also an 'industrial society'.

Unfortunately, there is no single, comprehensive, and universally accepted theory of organizations but, rather, a collection of composite 'partial' theories each of which emphasizes certain aspects of organizations and ignores others. The author, in the following examination of some of the major contributions to the theory of organizations (in as far as this is possible in a single thesis chapter), attempts to show that none of the existing contributions to the field to date provides an adequate descriptive model of the area currently under investigation, i.e., the small firm.

It has to be recognized from the outset, that any scheme for the grouping of the various contributions to the theory of industrial organizations has to be somewhat arbitrary and is dependent essentially upon the variables considered important during the grouping exercise.

For the purposes of the present work, the literature on industrial organizations will be divided into two main groupings:

- (a) the contributions of the economists, and
- (b) the contributions of the writers on social systems (sociologists, social psychologists and writers on business administration).

The author refers to social systems (above) in a general context and does not intend the term to be interpreted as being synonymous with say

organization theory. In the latter context, the author is aware that some of the contributors to this general body of theory, e.g., the social action and interactionist theorists, would probably take strong exception to being aligned with "Systems" theory as such.

Further, the author argues that, whilst neither of these comparatively broadly based schools presents an adequate descriptive model of the small firm (nor do they specifically claim to), modern writers from the two schools appear to be converging in a manner which offers greater hope that future writings will have greater relevance to the small firm than ever before.

2.1: THE ECONOMISTS SCHOOL

2.2.1. THE CLASSICAL APPROACH USING A SOCIETAL FRAME OF REFERENCE

The classical economists' model evolved essentially from a model of markets and an attempt to predict, at a general level, the distribution of resources within a market by a price mechanism. The model does not set out to provide a framework for the description of the internal processes of resource allocation within individual firms, nor does it make provision for the behavioral factors influencing business goals and decision-making processes. Rather, this treatment of the firm is an ideal type construct from which predictions may be generated.

The assumptions of this ideal type model, from which propositions of market mechanisms are generated, are as follows:

- (i) The motivational assumption of a single goal of profit maximization held by both the entrepreneur and the firm.
- (ii) The assumption that this goal will be pursued by rational decision-making in the context of a perfect knowledge of the environment.
- (iii) The assumption that the firm operates in an environment dominated by the market, which occupies a position on a continuum ranging between perfect competition to monopoly.

and considers his willing acceptance of the organizational goal of profit maximization to be unproblematical. Discretion to pursue personal entrepreneurial goals is considered to be unwanted by the entrepreneur or, alternatively, not allowed by the market. Thus, entrepreneurial goals are considered as being wholly synonymous with the organizational goal of profit. The pursuance of entrepreneurial goals of a non-economic nature (though not considered in this model), would thus be considered as structuring decisions of an "irrational" nature.

At an operational level, many seemingly justified criticisms can be raised against the assumptions contained in the classical economists' stance. For instance, the environment is defined essentially in terms of the state of competition in the market, which itself is seen as being represented by a point on a continuum ranging between perfect competition and monopoly depending upon the number of member firms in the industry and their respective product mixes. From an objective standpoint, both the definition of the environment and the assumption of perfect knowledge can be easily challenged, perhaps in the small firm in particular. For, any empirically based model of the firm is likely to encounter several sub-environments within which the firm will be required to establish satisfactory relationships, and the entrepreneur's knowledge of any single one of them is likely to be imperfect. For instance, in the case of the electronics industry, one of the industries under study in the current research project, the economists model would ignore the rapid rate of obsolescence in the firm's technical environment and the associated need for the manager to systematically search the environment for information.

However, the readiness with which the assumptions and omissions of the classical school can be challenged does not, in itself, entirely invalidate the usefulness of such a theory as a heuristic device for generating predictions. As such, this need not be regarded as an entirely normative as

opposed to empirical approach to the firm, in that its predictions may be substantiated by empirical observation more readily than its assumptions. John Neville Keynes,⁷ in his book, "The Scope and Method of Political Economy" urged the need for "recognizing a distinct positive science of political economy," and Friedman⁸ has pursued this point further in his "Essays in Positive Economics" by arguing that the test of a positive science lies in its powers to correctly predict the consequences of changes in circumstances, rather than in the relevance of its assumptions. He says, "The ultimate goal of a positive science is the development of a "theory" or "hypothesis" that yields valid and meaningful (i.e. not necessarily truistic) predictions about phenomena not yet observed" and that, accordingly, "Truly important and significant hypotheses will be found to have "assumptions" that are wildly inaccurate descriptive representations of reality, and, in general, the more significant the theory, the more unrealistic the assumptions (in this sense)".

However, the positivistic approach of the classical economists is found wanting in a search for a plausible interpretation of the situation of the entrepreneur. For profit maximizing behaviour is a cultural assumption based upon the Protestant Ethic and stands to be found lacking in explaining patterns of behaviour in situations where individuals possess discretion for interpreting and governing their own behaviour, e.g. the small firm entrepreneur.

One of the biggest challenges to the assumptions of the classical school has been the separation of ownership from control in the large public company. Concurrent with this development has been the emergence of professional as distinct from entrepreneurial management, leading to the formulation of a "Managerial-Economic" model of the firm in an attempt to deal with the personal goals of a managerial group unlikely to pursue a fully embracing identification with the single goal of profit maximization.

Whilst the classical economic model assumed the existence of a single pecuniary entrepreneurial goal wholly consistent with the organisational goal of profit, the managerial economists' recognize the possible existence of other goals, valued by the management group and not necessarily wholly consistent with a policy of profit maximization.

Thus, managerial economists have adopted a more empirical approach to the study of the firm in recognizing the possible existence of managerial goals which, whilst not fundamentally challenging the sovereignty of profit in its qualitative aspect as a principal organizational goal, quantitatively predicts profit at a level below that perceived by management as a possible maximum.

The personal goals of management are, in effect, seen as being likely to be expressively embodied in a state of affairs whereby profit is maintained at or above, a level likely to be regarded by shareholders as an acceptable minimum and, at the same time, below a level likely to involve excessive risks or attract additional competition.

Savage and Small⁹ claim that maximization does not adequately describe managerial policies on profits, and go on to suggest criteria for determining an acceptable level of profit whilst avoiding unduly high profits. They suggest that the criteria adopted by firms in defining an acceptable level of profit are: (a) that typical of the firm in the past; (b) that typical of the industry; (c) that required to finance internal expansion, and (d) that required to attract outside capital. The reasons they give for managements possible limitation of profits are: (a) the discouragement of new competition; (b) the restraint of wage demands; (c) the maintenance of customer goodwill through the generation of what is seen to be a "fair return," and (d) to avoid the attention of government bodies concerned with monopolies and restrictive practices.

These suggestions appear quite reasonable, but do not invalidate the importance of profit as a principal organizational goal. Savage and Small point out that, in fact, most businesses do rate profitability consistently high among their "long-term goals", and that there is a case for arguing that "short-term goals" such as security and growth are in fact subordinated to long-term profitability. They take the view that:¹⁰

"...while profit is not the only goal of the business, it is an extremely important one and that, where choice has to be made between profit and some alternative goal, profit is usually dominant because the firm's survival depends on it."

Though Savage and Small do suggest alternative goals to profit, e.g., security and growth, these are not framed in a behavioral context and are not attributed to individual managers. That is, they are seen as being the goals of management as a group rather than of managers as individuals. This situation tends to persist throughout the body of literature in the field of managerial economics.

Galbraith¹¹ has focused attention on the paradox of profit maximization for the professional manager necessitating the subordination of the manager's own personal and pecuniary interests to those of the remote shareholder. He has usefully stressed that this factor, in conjunction with the autonomy of the professional managerial group in the public corporation, is "by the most elementary calculation of self-interest" going to compel the observation of "prevention of loss ahead of maximum return." In making a similar point, Gordon¹² has said:

"They (the professional managerial group), do not receive the profits which may result from taking a chance, while their position in the firm may be jeopardized in the event of a serious loss."

Similarly, Rothschild¹³ has suggested long-run survival as a primary motive for management and Galbraith, like Marris¹⁴ and Baumol¹⁵ has stressed the usefulness of the coalition utility goal of growth as being wholly consistent with the interests of both manager and shareholder. Marris has said:

creates new openings, but also recommends himself and his colleagues as particularly suitable candidates to fill them." Similarly, Baumol has gone some way towards defining the processes by which growth may facilitate the attainment of managerial goals and has suggested that it is likely to embody and embrace opportunities for increased salaries, advancement opportunities, security, status, power and prestige. However, at the same time as stressing the utility value of growth as a goal satisfying both management and shareholders, both Galbraith and Baumol stress the need for a profit-minimum constraint on growth in order to ensure organizational survival.

The extent to which the notion of growth as a goal acceptable to both managers and shareholders can truly be seen as a partial sacrifice of the organizational goal of profit in favour of the personal goals of managers has been disputed. Accordingly, Peterson¹⁶ has argued that the necessary role of profits required in financing organizational growth acts to minimize any inconsistency between growth and profit maximization as goals, and, subject to the limiting factors of possible changes in growth opportunities with time and the need to plan growth in accordance with an assessment of risk considerations, it appears the two must be considered to be strongly related. In fact, another economist, Barna,¹⁷ substantiated this claim by research carried out for the National Institute of Economic and Social Research:

"Growth is, as expected, correlated with profits. It is difficult to achieve a high percentage rate of growth without a high rate of profit on capital employed. This seems to be the case irrespective of the financial policies applied by the firm. If the firm prefers to plough back profits and not go to the capital market, then of course high profits are necessary to finance growth; but equally, if it has recourse to the capital market, a good rate of profit is necessary to obtain satisfactory terms...Profit is thus a criterion of success, but only in competitive industry."

However, Barna's latter point appears questionable, especially in the context of the small firm entrepreneur. For, if the concept of organizational effectiveness is expanded to include the personal goals of the entre-

preneur, when an absence of competition appears likely to facilitate the firm's expansion from internally generated profits, and thus increase attainment of the entrepreneurial goal of independence.

Williamson¹⁸ and Kayser¹⁹ have usefully linked managements' discretionary powers in defining an acceptable level of profit to the intensity of market competition. They suggest that, under conditions of perfect competition profit maximization is vital to the survival of the firm but that, when this condition is relaxed, the behaviour of management for pursuing other goals is potentially discretionary within the limits of achieving the minimum level of profit required by shareholders. Thus, using the above ideas, it is possible to hypothesize a dependent relationship between managements' autonomy in pursuing personal goals and the attainment of the organizational goal of profit, such that the minimum conditions for the existence of managerial autonomy in goal setting are the absence of perfect competition and the attainment of the minimum level of profits acceptable to shareholders.

Gordon's Development Of The Environment Of Decision-Making

Gordon²⁰ has put forward an economic analysis of the corporation similar to that of the above writers and this has included acceptance of the profit-maximising view of the owner-manager, which the present research holds in question. However, he has made a valuable advance on the works of the above writers by developing a framework of environmental constraints surrounding and influencing executive decision-making.

Gordon contests the non-problematic approach towards decision-making adopted by some economists. According to Gordon, it is not sufficient to examine the executive's environment solely in terms of market competition and market power. Further, he says that decision-making does not represent a mechanical and automatic response to market forces:

"To most economists, the corporation is an indivisible decision-making unit (with a single clearly defined goal) facing its buyers, sellers, and competitors. With few exceptions, economists are not much concerned with what goes on inside the firm"²¹

Gordon views the role of the executive as that of leadership rather than purely risk-taking. He says:

".... a variety of conditions determines how and by whom that role (of leadership) will be exercised at a particular time and place".²²

In investigating leadership activities, he has attempted to evaluate the consequences of internal organization structure, incentives, and external bodies as important influences conditioning managerial decision-making. He says:

"Obviously, the businessman is not independent of his environment. His course of action is strongly conditioned by a wide range of environmental influences which bear upon him. In a price system, the business leader relies on the price offers of consumers to know what and how much to produce. Similarly, he is faced with certain facts concerning the supplies and qualities of the factors of production, and to these also he must adjust himself. The state of technical and economic organization presents further conditions to which the business leader must adapt himself"²³

Gordon introduces the notion of "interest groups" as those groups "whose economic welfare depends directly and to an important degree on the activities of a given firm":²⁴

"Important also as a conditioning force are the pressures exerted by various interest groups which seek to wield power over the enterprise. These group pressures range from the regulatory activities of government to the power and influence of banks and other financial interests, organized labour, large customers, suppliers of strategic materials and so on".²⁵

Thus, Gordon has proposed a problematical approach towards decision-making. This recognizes not only market forces and the firm's profit goal, but also a whole complex of environmental constraints which are brought to bear on managerial actions. Out of the latter, a series of management objectives are likely to develop. In addition, Gordon recognizes not only the influence of the external environment on management decisions, but also the influence of internal organization structure. For instance, he says:

"The larger the firm, the more must original decision-making be delegated. What the chief executive approves depends in good part on what filters up to him for his approval".²⁶

Finally, Gordon has commented usefully on the existence of "non-financial incentives" which the large corporation offers (though he does not comment on the possible existence of the same in small owner-managed firms):

"The attractions which the large corporation holds out to the business leader do not stop with purely monetary rewards. The businessman, like all human beings, is moved by various impulses, many of which can be satisfied without the receipt of a money income. The most important spurs to action by the businessman, other than the desire for goods for the purpose of direct want-satisfaction, are probably the following: the urge for power, the desire for prestige and the related impulse of emulation; the creative urge, the propensity to identify oneself with a group and the related feelings of group loyalty, the desire for security, the urge for adventure and for "playing the game" for its own sake, and the desire to serve others".²⁷

2.1.3 THE ECONOMISTS AND THE SMALL FIRM

The economists' school is useful in the development of a theory of the small firm in view of its current recognition of the possible identification by professional managers with both economic and non-economic goals in accordance with the autonomy presented to them by the market on the one hand, and the profit expectations of shareholders on the other.

It has taken the advent of the separation of ownership and control to convince the economists of the need to consider the possible non-alignment of the goals of entrepreneur and entrepreneurship respectively. However, at a general level, it can be said that the economists have still failed to acknowledge that the self-employed entrepreneur may have no less reason, and even greater autonomy, than the professional employee-manager for pursuing goals identifiable with his perception of the role of entrepreneur rather than the function of entrepreneurship. For, subject only to the maintenance of a level

of attainment of the organizational goal of profit required to ensure survival, he may be considered to have far-reaching autonomy in pursuing entrepreneurial goals.

The managerial economists' approach to the modern joint stock company can be seen as being associated with the prediction of the existence of two sets of goals - the profit maximization goal of shareholders, and the individually determined goals of managers. This situation can be seen as presenting a conceptual framework lending itself to behavioral and interactionist approaches to an analysis of relationships, and changes in relationships, between entrepreneurial and organizational goals. Further, if the motivational assumptions of the classical economic model are relaxed to accommodate the entrepreneurial goals currently imputed to managers, then a framework exists for the empirical study of the goal-structure of the small firm.

A further possible criticism of the economists' theory of the firm is that, even in the light of modifications by the managerialists, relatively little effort appears to have been directed towards investigating and understanding the decision-making processes linking managerial goals with organizational goals at an operational level.

Galbraith, in commenting on Marris's and Baumol's conclusions on the goals of the mature corporation, refers to Marris's use of "highly theoretical techniques" and Baumol's reliance "partly on theoretical argument and partly on empirical observation" in deriving their conclusions. However, Galbraith's own approach and conclusions are essentially similar to those of the above writers. Seemingly it is with some justification that Nichols²⁸ has expressed astonishment that the sparse systematic empirical investigation into the motivation of managers has led to such a high degree of consensus on the nature of these motives and their reliance for attainment on successful organizational growth.

However, the fact remains that economists are beginning to make attempts at integrating both sociological and psychological variables into

their model of the firm. It appears almost inevitable that future empirical studies by the managerial economists will concentrate on the effects on managerial decision-making of the existence of a discretionary factor structured by the coalition between managerial and organizational goals.

Whether disciplinary loyalties will allow the economists to extend their use of sociological and psychological variables to the extent required for a really comprehensive understanding of the firm remains to be seen. However, if the economists succeed in bridging this gap, then the discretionary element between managerial and organizational goals structuring the necessary working relationship between them, will only require to be extended in order to facilitate an understanding of the potentially larger discretionary element existing between entrepreneurial and organizational goals.

2.2: THE ORGANIZATION THEORISTS SCHOOL

2.2.1: THE CLASSICAL APPROACH USING A SOCIETAL FRAME OF REFERENCE

The classical theorists' grouped under this heading have been concerned essentially with the effects of large-scale bureaucracy on the power structure of wider society. Mouzelis²⁹ has stated this point clearly:

"Despite the variety of sources from which the classical writings on bureaucracy have sprung, it is possible to identify in all of them a common and recurrent pre-occupation around which one can organize all the early literature on the subject: this was to enquire into the impact of the growth of large-scale organizations on the power-structure of society. In what ways does 'big' Government or 'big' business influence the political institutions of modern society? Or, on the level of the individual, in what ways are such developments going to affect man's chances for a free and meaningful existence?"

Marx

The central theme of Marx's³⁰ writings did not focus essentially on the concept of bureaucracy³¹ but, rather, on social class conflict and its catalytic properties as an instrument of social change. However, bureaucracy

ist society and, as such, was seen as performing a vital function in the maintenance and survival of the capitalist social order.

Marx, in his examination of bureaucracy, contested Hegel's philosophy of the state.³² Whereas Hegel conceived of the public administration acting as an essentially neutral intermediary arbitrating between the vested interests of commerce on the one and the general interest on the other, Marx saw the situation quite differently. He saw this definition of the role of administrative bureaucracy as applying only in legal definition and saw its real role as being instrumental in cementing class supremacy and class domination.

Though Marx was primarily concerned with relations between bureaucracy and wider society, his interest extended to its incumbent processes and their effects upon the individual. Marx had forecast bureaucracy as having a transient character only, and saw the development of Communism and the end of class divisions as the condition for a 'withering away of the state.' The seeds of destruction of the Capitalist system, Marx saw as being already in existence within Capitalism itself. Bureaucracy was seen as representing one instance of the general process of alienation which was to bring about this downfall.

Firstly, Marx saw the division of labour brought about by bureaucracy and the impersonalized relations existing between bureaucracy and individuals as rendering the mass of people in a state of objective alienation. State bureaucracy, he considered, would appear distant from the people and thus nonrepresentative. Also, in the factory, both the workers' propertylessness and his absence of responsibility brought about by the division of labour were to act as alienating forces. The workers' lack of opportunity for identifying with the goals and fortunes of the enterprise; the lack of responsibility and decision-making opportunities brought about by the dissolution of craft skills; and the relegation of work from an expression of mans' essent-

ial human nature to a mere means to an end - the end of making a living - were seen as structuring the development of the various elements of alienation - isolation, meaninglessness, powerlessness and self-estrangement. The term alienation is sometimes used in a much narrower perspective by writers such as Blauner³³ who have attempted to portray alienation as a product of an unfortunate technology rather than in the true Marxian sense, i.e., as a product of the very order and nature of capitalist society. The case against writers who have attempted to "de-humanize" the Marxian concept of alienation has been well argued by Horton,³⁴ and Goldthorpe et al,³⁵ and have added weight to the case against the restricted frame of reference of Blauner and other technical determinists.

Secondly, Marx commented upon some of the internal dysfunctions of bureaucracy which subsequently received attention from other writers on bureaucracy. He stressed the tendency of bureaucracy to discourage personal initiative; to generate conflicts for promotion opportunities, and to encourage a quest for status and prestige.

Thus, whilst Marx's predictions about the alienating consequences of the Capitalist system seemingly failed to reach fruition, his description of the institutional structure of capitalism, of which business organizations are an integral part, has proved useful to subsequent writers whatever their viewpoints relative to that of Marx.

However, from the viewpoint of small firms, Marx does not have a great deal to offer. In being concerned with the opposition of the two dominant social forces in society - proletariat and bourgeoisie - and realizing the potential of the large over the small firm for accommodating the development of a truly working-class culture, Marx was essentially interested in the larger firm as a focus of analysis.

However, the converse of the above situation does have implications for the small firm. The absence of the large productive unit is likely to obstruct the growth of the collectivist ideologies which circulate more freely

in the small firm is likely to structure the development of more paternalistic relationships. Lipset, Nordlinger and others,³⁶ have noted a correlation between factory size and left-wing voting patterns. Thus, Marx's writings appear to have some likely relevance in defining the internal factory environment encountered by the small entrepreneur.

Further, inasmuch as Marx attributes the goal of profit maximization to industrial organizations or to society's dominant Capitalist class as a whole, he sees this goal as being structurally necessitated. Thus, he did not criticise the individual Capitalist but, rather, Capitalism as a system and his references to man's needs for individual expression; to psychological identification with organizational goals, and to the bureaucrats' attachment to symbols of status and prestige, point to the potential of the individual for pursuing individually determined goals within an organizational context.

Weber

Like Marx, Weber was interested in the impact of bureaucracy on wider society and used the broad historical perspective of Marx. However, whereas Marx had conceived of bureaucracy as an instrument of class oppression, Weber was interested in bureaucracy as an efficient and rational process.

³⁷ Weber's work comprised a cross-cultural and historically based comparison of administrative systems, but a main interest was the explanation of why capitalism arose in Western Europe and not elsewhere in the world.³⁸ As part of his analysis, Weber attempted to identify the main characteristics of industrial society. One characteristic stressed was the extent to which all areas of social life become permeated by bureaucracies or organizations, a characteristic which Weber saw as being comparatively rare in non-industrial societies.

Weber argued on a comparative basis that authority relations³⁹ and their associated organizational structures vary historically and in different

societies. He offered a typology of organizations based upon the kinds of legitimation used in justifying the exercise of authority by a ruler over those upon whom he imposes his will.

Charismatic authority he saw as being based upon a belief in the superlative leadership qualities of a superior and being associated with an unstable and highly personalized organizational structure. This type of authority he saw as being associated with societies during periods of revolution.

Frequently, charismatic movements go through a process of routinization of charisma, which leads them to approximate to the other two ideal types. The first of these was 'Traditional' authority, resting on long-standing custom and associated with a comparatively stable organization structure highly dependent on the personal whim of the superior. This type of authority he saw as being associated with mediaeval society. The second is 'Legal' authority which rests on a set of impersonalized rules, accepted and binding on both superiors and subordinates. The organizational structure accompanying the latter is bureaucracy.

In Weber's opinion, modern society showed a trend towards bureaucratization in all areas of social life, and a consequent decline in the frequency of the other two types of authority and organizational structures. His ideal type of bureaucracy has been extremely influential in the study of industrial organizations.

The characteristics associated with Weber's ideal type bureaucracy were essentially:

- (1) Hierarchical organization.
- (2) Role specialization and differentiation.
- (3) Defined limits of competence.
- (4) Impersonalized relations amongst members.
- (5) Recruitment on the basis of knowledge and expertise.
- (6) Rules and decisions recorded in writing.
- (7) Members see their roles as full-time careers.
- (8) Members differentiate between private and official income in order to avoid infringement of their organizational status.

Weber's notion of bureaucracy and bureaucratic efficiency can be seen

The channelling of information and expertise upwards through the bureaucratic hierarchy, and the subsequent direction of behavior by a downward flow of management decisions, were seen as directing behavior towards a maximization of efficient performance. This quest was also taken up by the school of scientific management and, to this extent, Weber could perhaps justifiably be seen as the unconscious father of management ideology.

It is hardly surprising that Weber's conception of bureaucracy, having evolved as an ideal type from a macro and historical conception of societies, has been challenged by data generated by subsequent inductive studies of organizations using a micro orientation. Burns and Stalker,⁴⁰ whilst maintaining Weber's notions of organizational rationality, have shown the need to adopt a flexible approach towards considering what constitutes an optimum organizational structure in differing situations. However, Barry and Sadler, in a study of the small firm, have isolated the personality of the entrepreneur as an important social determinant of organizational structure in addition to market and technological determinants.

This latter demonstration of the force of social over technical determinism in the small firm does not, in itself, rule out the possible usefulness of Weber's ideal types in a consideration of small firms. On the contrary Weber's traditional type of authority can be seen as presenting a possible alternative to bureaucratic authority in the small firm.

Nichols

Nichols,⁴¹ like Marx, was concerned with the undemocratic aspects of large bureaucracies. However, Nichols saw the interests of organizational leaders as being structured by their vested interests as bureaucrats rather than by Marx's social class positions. In his study of Social Democratic Parties, he was concerned particularly with the internal functioning of bureaucracies and its consequences for relations between organizational elites

In formulating his 'Iron Law of Oligarchy', Michels stated that large bureaucratic organizations were, of structural necessity, oligarchic in nature. This situation was seen by Michels as confirmation of the Machiavellian⁴² thesis of elite control and the resulting slim chances of democracy in modern society:

In his study of organizational functioning, Michels observed a process of goal displacement by an organizational elite. Etzioni, in referring to the process of goal displacement observed by Michels describes this as, "the process by which an organization reverses the priority between its goals and means in a way that makes the means a goal and the goal a means." Michels showed that organizations formed as a means to serve the goal of forwarding Socialist revolution were manipulated by their organizational elites to pursue a goal of organizational survival. Through control of the means of communication of personnel selection, leaders secured their vested positions and postponed attempts at revolution which may have endangered the survival of the organization, and with it their security of employment:

Michels says that, at a psychological level, once a leader has achieved prestige and prominence, and become accustomed to a good standard of living, he will be reluctant to forgo them. Further, the lower the status of his former occupation, the greater are the efforts likely to be expended in consolidating his existing privileges, regardless of the needs of attainment of the organization's democratic goals.

Thus, Michels' principal postulate is that the power held by organizational elites will be abused to serve their own ends. However, the thesis that power corrupts and absolute power corrupts absolutely, if borne out in practice, may only represent an expression of the autonomy vested in the leader to pursue individually determined goals as opposed to those ascribed by the organization. The greater the autonomy (power) for pursuing individually determined goals, the greater is the likelihood that the resulting re-

will be weighted in favour of the former.

Thus, Michels observations of the existence of two sets of goals - those of the organization (mass membership) and those of individual role occupants (elite) - and the process of goal succession resulting from a process of goal interplay, are in keeping with the author's own model of goal relationships. In fact, Michels tends more to examine organizational goals and to see individual instances of departure from them as cases of deviancy, whereas the author fully recognizes the existence of the two sets of goals. Nonetheless, Michels work, in as far as it went, constituted a valuable contribution towards an understanding of goal relationships. In the same vein, other writers have linked the discretion exercised by elites in goal setting to the degree of democracy exercised in pursuing organizational goals. At one extreme, Acton, the historian, has said that power corrupts and absolute power corrupts absolutely. Lipset,⁴¹ on the other hand, has shown in their 'Union Democracy'⁴³ that narrow power differentials within an organization (thus limiting the discretion of the elite), tend to result in a more democratic observance of organizational goals.

In the small firm, the distribution of power is likely to be skewed in favour of the entrepreneur, and the resulting possibilities for goal succession are potentially wide. Thus, against a referent organizational goal of profit maximization, Michels approach to the study of an organization appears to have merit in the case of the small firm. However, individual goals still remain to be grounded and operationalized.

Berle

Along with Means, Berle⁴⁴ has been credited with the first major attempt to provide a detailed empirically based work to demonstrate the control of large corporate industrial business organizations becoming vested in the at least partially unaccountable hands of 'employee-manager':

ownership has, in fact, created economic empires, and has delivered these empires into the hands of a new form of absolutism relegating "owners" to the position of those who supply the means whereby the new princes may exercise their power."

This led Berle into a debate as to the nature of the relationship between managers and shareholders, and management and society. Thus, once again, the issue of the internal functioning of the large-scale organization and its implications for society was raised. Berle, in fact, was optimistic about the consequences for society of the separation of ownership and control. He considered that the diminished financial interests of professional over owner-managers might hail the development of a management ideology of social responsibility. The increased likelihood of managers pursuing non-economic social goals on behalf of society, was seen as structuring the role of the new professional manager as a neutral arbiter functioning in the service of society.

Berle's more or less precisely formulated notion of the managerial ideology based on objectives of social responsibility, is seen by the author of the present thesis as being useful inasmuch as Berle's imputed managerial goals of social responsibility may be considered to be those of society as a whole. Thus, whereas Michel's work dealt essentially with individual and organizational goals, the work of Berle can be seen as stressing the importance of relationships between the goals of the organization, and those of society with the manager acting as an intermediary. The work of Nichols indicates that professional managers often do not in fact, internalize an ideology of social responsibility in the manner in which Berle indicated. Often they respond towards ideologies of Laissez Faire and Long-Term-Company-Interest. However, the notion of societal-organizational goal interaction remains a potentially useful one in a study of the small firm.

Burnham

⁴⁵
Burnham, like Berle, was concerned with the broad effects for

However, whereas Berle was concerned with private ownership, and predicted the emergence of a neutral management elite pursuing goals based on an ideology of social responsibility, Barnham was principally concerned with state ownership, and predicted the emergence of a new ruling class.

Barnham predicted the transfer of industry from private to state ownership as an essentially inevitable extrapolation of the process of separation of ownership and control. By this means, he saw managers as gradually increasing their power in society in a development towards a 'managerial society'. Stalinism in the Soviet Union, Nazism in Germany, and the New Deal in America, were all seen as progressions towards managerialism, each developing its own legitimizing ideology.

Barnham has been severely criticised for failing to define exactly who 'the managers' are; the basis of their required cohesion as a group, and the failure of his model to accurately predict subsequent turns in history. If Barnham's model does possess merit, then this does not specifically concern the small firm which would inevitably be carried along with the force of events dictated by those in control of the larger firms under state ownership.

2.2.2. THE CLASSICAL APPROACH USING AN ORGANIZATIONAL FRAME OF REFERENCE

Classical organizational theory using an organizational frame of reference has been relatively unconcerned with the relationship between the organization and society but, rather, has been more concerned with the achievement of maximum productivity within the organization.

F.W. Taylor

Conventionally, the starting point for classical organization theory is the work of F.W. Taylor⁴⁶ and the movement for scientific management. Taylor focused essentially on the shop-floor worker, and the rationalization of the workers' tasks by management with the goal of increased productivity in mind.

viewpoint of a study of organizations.

Firstly, Taylor proposed a scientific investigation of job methods and procedures, and their regulation in order to achieve rationalization and smooth work flow. Secondly, 'Taylorism' contained a normative element - the assumption that the worker sought only economic rewards from his job and no other form of job satisfaction and, further, that fear of poverty acted as a stimulant to effort in the work place.

Taylor has been criticised for his "management bias."⁴⁷ However, the author considers this criticism to be a little unfair. It is true that Taylor appeared hostile towards trade unions, and that his theory of scientific management failed to adequately account for sub-group goals within the organization. However, as such, this criticism can only be made in the context of Taylor being an inadequate sociologist, but that is not to say that his theory was singularly inadequate as a theory of scientific management, particularly in the context of its time.

However, from the viewpoint of the small firm, Taylorism appears to have little to offer. The rational application of efficient work techniques with which Taylor concerned himself, requires a division of labour and availability of skills which the small firm is unlikely to be able to provide. In addition, the motivational assumptions made by Taylor appear somewhat akin to those of the classical economists school, examined earlier in this chapter, and therefore are not consistent with the situation of entrepreneurial discretion likely to be exercised in goal setting in the small firm.

Fayol et-al and Managerial Administration

Whereas Taylor applied scientific management to production methods in the production department, his contemporaries, Fayol et-al, shifted their focus away from the shop-floor to the managerial level. Their approach was not that of empirical investigation and observation but, rather one of pres-

Henri Fayol⁴⁸ (France), Mooney,⁴⁹ Reilly⁵⁰ and Allen⁵¹ (America), and Sheldon,⁵² Gulick,⁵³ Urwick⁵⁴ and Brech⁵⁵ (Britain).

At the risk of oversimplification, these writers stressed three essential aspects of the management of business firms:

- (a) The Functions of Management: these relate to the designing and operation of the firm in order to maximize profits. The functions most often referred to were - organization, planning, command and control.
- (b) The Principles of Management: these are the rules to be followed in the running of an efficient firm. Again, the number of principles vary depending on the writer, but the more frequently mentioned are: the scalar principle (the firm must have a clearly defined hierarchy of authority, preferably laid out in the form of an authority chart); the distinction between 'line' and 'staff'; span of control (no superior should have more than a certain number of immediately accountable subordinates - 5 or 6 was the most frequently cited maximum); unity of command (no subordinate to take orders from more than one superior directly); organizational specification (the firm to be broken down into specialized departments or divisions dealing with key activities and/or separate products); and, the exception principle (where possible, decisions were to be routinized and the concern of management was solely with non-routine decisions).
- (c) The Philosophy of Management: different writers placed different emphasis on the social and moral duties of management, but the main areas of agreement were around managements' duty to maximize profits; to strive towards economic 'progress', and to develop policies of social responsibility towards employees, customers and wider society.

These writers have rendered themselves open to criticism on several counts. Firstly, they describe how firms ought to be administered, and not how they actually are in practice. Though many of these writers were practicing managers, little attempt was made to test their theories in a rigorous manner, i.e., through repeated studies in a range of organizations with fully reported methodologies and results. Also, these writers, like Weber before them, laid great emphasis on formal structure, to the exclusion of social and psychological variables.

Additional criticisms which can be levelled against these writers are their non-problematical view of the firm, and its relations with wider society. The writers assumed that their prescriptions had only to be followed in order to yield an integrated and efficient organisation, and tended not to consider problems of power, conflict, and sub-group goals, which appear to be an ever-present feature of organizations. Trade unions were rarely mentioned despite their potential as a major variable in decision-making. Like Taylor, they saw the firm from the viewpoint of management. Further, although they dealt with wider society from a philosophical viewpoint, the firm's relations with the environment were largely ignored.

Thus, with social and psychological variables largely ignored, and the firm's relations with the environment portrayed in terms of philosophical generalizations, this approach appears to offer little to an empirical understanding of the situation of the small businessman in his business and wider society.

2.2.3 THE MODERN APPROACH USING A SOCIETAL FRAME OF REFERENCE

Probably the major difference between classical and modern approaches towards organizational theory is the increasing trend towards empiricism and

a consideration of emerging relationships between societal sub-systems.

The writers considered below, have essentially dispensed with the broad cross-cultural perspective of Weber and the broad historical perspective of both Weber and Marx. Further, the predictive elements of the models of Marx and Burnham have been sacrificed for the benefit of being able to concentrate more upon the integrative forces in society today. In developing this contracting frame of reference, as compared with the classical school (above), the writers below have made a significant step towards meeting, on the one hand, the modern approaches to organization theory using an organizational frame of reference, and the managerial economists on the other.

Two writers representing currently important standpoints relating the organization to wider society are Dahrendorf and Parsons. Though the standpoints of these two writers are different, they are complementary rather than mutually exclusive. And, just as the 'Human Relations' approach (see later) towards organizations may be seen as a reaction to the classical approach of Fayol et-al., the works of Dahrendorf and Parsons may be seen to be, in some measure, representing a reaction to the classical works of Marx.

Dahrendorf

Dahrendorf has continued in the 'managerial' tradition of Berle and Burnham, and developed the notion of post-capitalist society in minimizing the power differentials amongst groups in society. Like Marx, Dahrendorf maintains a stress on conflict in his model, but sees the incidence of conflict as being structured not by differences between socio-political classes but, rather, by the two elements of authority: domination and subjection:

"The fundamental inequality of social structure, and the lasting determinant of social conflict, is the inequality of power and authority which inevitably accompanies social organization."⁵⁶

Dahrendorf postulates that the superimposition of authority, property ownership, and political power in a single dominant group, which

quoted him:

"Three per cent of the population of the Federal Republic of Germany, and approximately eight per cent of the United States, own one or more shares of joint stock companies. Probably the proportion in other countries is somewhere between these extremes."

However, Dahrendorf's assessment of the above situation conflicts with the results of empirical investigations carried out by Lupton and Wilson⁵⁸ following the Parker Bank Rate Tribunal and the observations of Florence,⁵⁹ Aaronovitch,⁶⁰ etc.

Dahrendorf says that social classes and social class conflicts are present wherever authority is distributed unequally over social positions and that, if imperatively co-ordinated associations (organizations) can be shown to be a functional requisite of societies, then the universal existence of classes is postulated by the same token. Thus, Dahrendorf postulates that, wherever there are industrial organizations, there are authority relations and (industrial) classes.

The two elements of authority: domination and subjection, are seen as maintaining respectively the social condition by which authority is given and received, and that these two differing interests form a basis for conflict. Those under subjection are considered to have identical latent interests and become a latent group, even though they may not see themselves as having a determined goal. Thus, essentially he makes Marx's distinction between a class FOR itself and a class IN itself.

Thus, Dahrendorf's approach succeeds in relating the organization, via authority relations to the wider society, and is able to accommodate conflict and change. However, the model neither intends nor succeeds in presenting a framework for an understanding of the small firm. Rather, it succeeds in accommodating conflict, into what approximates to a consensus model of society, at a fairly general level.

Parsons, the distinguished architect of the Structural-Functionalist school, sees the organization as a social system embracing constituent sub-systems, and itself forming a sub-system of its wider social environment.

This is a model of society based upon a postulate of normative integration of all social units and, whilst it acknowledges the important role of profits for a business organization, makes the claim that profit cannot serve as the primary goal of the business organization because it is based upon an organizational, and not a societal, frame of reference. That is, profit is not a goal defined by society.

In accordance with this approach, Parsons claims that every sub-goal within a society must be to some degree integrated within the goal structure of the society as a whole, and says, in the case of the business firm in particular:⁶¹

"For the business firm, money return is a primary measure and symbol of success, and is thus PART of the goal-structure of the organization. But it cannot be the primary organizational goal because profit-making is not by itself, a function on behalf of society as a system."

In fact, Parsons defines what he sees as being the goal of business organizations in terms essentially of the provision of goods and services:⁶²

"An organization is a system which, as the attainment of its goal, 'produces' an identifiable something which can be utilized in some way by another system; that is, the output of the organization is, for some other system, an input. In the case of an organization with economic primacy, this output may be a class of goods or services which are consumable or serve as instruments for a further phase of the production process by other organizations."

The functionalist approach is a useful heuristic tool in stressing the inter-dependence between organizations. However, at an operational level, it is relatively easily criticised. For instance, the extent to which business organizations are in fact concerned with societal goals is questionable, and the extent to which certain other organizations support societal goals, other

school. For it goes without saying that organizations (or collectively society), produces goods that society needs. However, this appears to be a statement of 'what' organizations do rather than 'why', and leaves the issue of defining the organizational goal in obedience. Savage and Small,⁶³ economists, say, "the firm is not primarily concerned, as is Government, with the welfare of society; it is usually concerned with such things as profits or related matters such as cost reduction." Further, the extent to which certain other organizations comply with normative societal goals has been questioned. For instance, Silverman, refers specifically to Bolivian guerillas, but this example could be extended to cover any revolutionary or non-institutionalized political party or group, or even the business firm that pollutes the environment.

A useful aspect of Parson's work is his use of the concept of "emergence."⁶⁴ This entails the notion of a system not being entirely reducible and understandable in terms of its constituent parts. Parsons uses the term "emergence" to describe the stages of organizational functioning at which new phenomena emerge. This concept has potential use in the case of the small firm where the initial stages of growth are likely to witness the emergence of functionally differentiated roles previously concentrated under the umbrella role of the 'all-purpose' entrepreneur. The process of emergence can be seen as inevitably accompanying growth in the small firm. This in turn, can be seen as challenging the small entrepreneurs idiosyncratic leadership style and the small firms characteristic face-to-face relations in favour of increasing bureaucratization.

Silverman

Though Silverman's⁶⁵ contribution towards the modern theory of organizations does not rate alongside those of Dahrendorf or Parsons as a comprehensive model of the organization situated in its wider society, it

of the operative links between organizations and both their internal and external publics.

Silverman, in the industrial sociological tradition, stresses the need for a social action approach to view the industrial organization both from the viewpoint of its internal functioning, and from the viewpoint of its relationships with the wider social structure. It anticipates the likelihood of single actors and sub-groups subscribing towards individual and sub-group goals, and adopting strategies designed to further the attainment of such goals. Moreover, both sub-group goals and the mechanisms of recruitment to organisational sub-groups are seen as being linked to the wider social structure and processes outside the organization.

The industrial sociologist's social action model, in limiting its perspective to industrial organizations, accommodates a degree of characteristic detail, in examining the firm, which broader based models cannot hope to achieve. The industrial sociologist can justifiably be concerned with facets of organizational and individual behavior characteristic of industrial organizations rather than being concerned essentially with the facets of functioning common to different types of organizations as Etzioni and Blau and Scott had been.

Silverman is critical of the Functionalists and has challenged their de-emphasis of the links between organizations, and the processes through which they are related to the wider social structure. As an alternative, he proposes a Social Action model which, he claims, fits more easily into the older discipline of Industrial Sociology. This model (essentially consistent with the approach of Goldthorpe et al), recognises the goals of individuals and sub-groups and possible conflicts between these ends; it draws attention to the relations between these goals and social institutions both inside and outside the organization; it examines the strategies adopted in the pursuit of sub-group goals, and the factors which influence the choice between strategies.

This social action approach, with its anti-systems emphasis, has considerable merit in aiding a study of the small entrepreneur. In looking at the actor, his goals and their structuring influence, a grounded empirical research strategy is facilitated allowing for different levels of analysis - the entrepreneur as an actor in the environment of the small firm, the entrepreneur in the local community of residence, and the entrepreneur in wider society respectively. Further, in stressing the notions of individual and sub-group goals and relationships between the firm and the wider social structure, it has considerable potential for guiding an investigation describing the entrepreneur's relationships with his subordinate employee-managers and examining his motivation both towards becoming an entrepreneur and later remaining an entrepreneur.

2.2.4 THE MODERN APPROACH USING AN ORGANIZATIONAL FRAME OF REFERENCE

Chester Barnard,⁶⁶ though sharing certain similarities of background and approach with the classical writers, attempted to include psychological and sociological variables in his approach to an analysis of the firm. Barnard recognized the inadequacy of the perception of "economic man" and acknowledged the possible existence of non-economic goals. Whilst he argued that the basis of any organization was co-operation, he recognized that the contribution of any individual to this co-operation was

problematical rather than inevitable. Barnard's ideas, however, lacked empirical support, and his treatment of psychological and sociological variables did not assume the sophistication developed by subsequent writers. However, that notwithstanding, his contribution was valuable in developing a more comprehensive model of the firm.

Human Relations School

"The Human Relations approach was born out of a reaction to the Classical formal approach. It focused on elements in the organization which were of small or no concern to the Classical approach" (Etzioni).⁶⁷

The major contribution which the Human Relations school made to an understanding of the firm was in revealing the existence of social as well as physical sociological determinants of output. The school is closely associated with Elton Mayo,⁶⁸ and is based on studies conducted at the Western Electric Company's Hawthorne Works in Chicago between 1927 and 1932.⁶⁹

The principal findings of the Hawthorne experiments were that the workers' productive output is not determined solely by his physical capacity, but also by social factors; that non-economic factors are active in influencing the workers' motivation and job satisfaction; that efficiency does not increase with division of labour ad infinitum, and that workers do not react to management as individuals but as groups developing their own "informal"

of social environment upon the worker, and showed that a work environment perceived as benign was likely to be conducive to increased morale, job satisfaction, and increased productivity.

The studies were important for several reasons. Firstly, they produced a number of important criticisms of the theories discussed earlier. Secondly, they represented one of the first serious empirical investigations of an industrial firm, and this has led to their being seen by some as the starting point of industrial sociology. Thirdly, the studies are important because they became the beginnings of a new approach: the Human Relations school of management became very influential in America, and to a lesser extent in Western Europe; indeed it remains influential.

The Human Relations School has been criticised for proposing the idea of normative integration centred around the notion of a common set of values in the firm. These values have been centred around the needs of "harmony" and essentially view the factory as being free from conflict. Events and occurrences which challenge this state of affairs are seen as being deviant or irrational rather than possibly conforming positively towards the more or less shared values of an organizational sub-group.

The criticism has been made, with probably a large degree of justification, that the Human Relations approach provides essentially a management view and ascribes normative characteristics to values set by management. Industrial Sociologists have criticised this approach as being too restricted in its frame of reference, and propose a more broadly based approach recognizing the existence of various social groups within the firm, each having their systems of values and interests. While this latter approach acknowledges certain common interests which are shared by the various sub-groups, such as the continued economic viability of the firm, it predicts areas of disagreement on issues where their interests are likely to be incompatible as, for instance, in the distribution of profits. Thus, whilst the Human Relations

groups do exist in the firm, it does not leave sufficient scope for dealing with competition or conflict between groups.

Despite some of the severe criticisms of the Hawthorne studies, a large amount of subsequent work has been directed towards investigating some of the variables brought to light in the original studies, and these have widened their scope of interest well beyond the shop-floor level of the Hawthorne studies.⁷⁰ Further, Maier,⁷¹ Argyris,⁷² Herzberg,⁷³ Maslow,⁷⁴ and McGregor,⁷⁵ have examined the nature of human needs and wants in the wider context of the organization, and this has useful implications for an examination of the small firm where the human needs of the entrepreneur can be examined and their relations with organizational goals studied.

The above writers make the general claim that man experiences desires for self-actualization, and that he will attempt to achieve satisfaction of his resulting human needs in his actions in the workplace. Maslow puts forward what is probably the most comprehensive self-actualizing model of human needs. He sees man's needs as falling into classes arranged in a hierarchy. The classes of needs, starting at the base of the hierarchy, are as follows:

- (1) Physiological needs involving food, shelter, etc.;
- (2) Safety needs involving security, money, etc.;
- (3) Social needs involving affiliative relations;
- (4) Esteem needs involving self-esteem, autonomy and independence;
- (5) Self-Actualization needs involving a full use of creative human abilities.

The work of Goldthorpe et al. in a large firm environment indicated few respondent expectations of satisfaction of anything higher than 'safety' needs above (though this does not mean that possibilities for self-actualization outside work did not exist). However, the situation of the entrepreneur in the small firm appears to offer much increased opportunities for attainment and satisfaction of Maslow's human needs inside the workplace situation. Thus, if Goldthorpe et al.'s assembly line workers may be seen as

a man who will "live to work."

Thus, this school, inasmuch as it stresses the need to examine the force of social determinism in the workplace, has some merit in an examination of the small firm.

The Firm as a Socio-Technical System

A further approach to the examination of business organizations is the 'Systems Approach'.⁷⁷ This, again, is based essentially upon an assumption of normative integration of the various parts of social systems, and is concerned with the inter-relationships between respective parts.

The systems approach attempts to look at organizations as "wholes", and examines social sub-systems essentially as living organisms contributing towards the whole in the light of an assumed stable system of needs and mechanisms.

A criticism levelled against functionalism, and hence a criticism with which the systems approach is likely to face, is that, if existing relationships are based upon the well defined needs of system maintenance, then the approach will meet with difficulty in explaining social change.

Whilst this school makes little mention of specific organizational or managerial goals, it has considerable merit in stressing the importance of relationships between the firm and the wider business environment. The notion of the firm converting inputs from the environment and injecting outputs back into the environment, as an open-system approach, has much to recommend it as a guard against viewing the firm as a non-reacting closed system. Further, it tends to assume a management-oriented perspective of the firm and the firm's relations with the environment which lends itself towards an approach for examining the small firm where authority is likely to be highly concentrated in managerial positions. Finally, although the assumption of consistency between organizational and societal goals is again normatively based, it does

usually attract attention towards the relationship between organizational and societal goals as a potentially important factor influencing the environment of the managerial group.

Two widely acclaimed studies which may be conveniently subsumed under the current heading, are those of Woodward⁷⁸ and Burns and Stalker.⁷⁹ Woodward's work involved a study of the relationship between technology and social organization over a range of technologies - unit, mass and process production - and in a relatively large sample of firms. Burns and Stalker's work was important because it focused on the effects of the wider environment on the organization's internal social patterns. The two polar types of organizational structure proposed - mechanistic and organic - were seen to be ideally related to the wider environment in terms of the dimensions of technology and market conditions. However, Burns and Stalker's sample of firms was relatively small, and other studies have found difficulty in applying these polar types - Barry and Sadler⁸⁰ in the printing industry, which is one of the industries under study in the present thesis. A further criticism of the above studies, particularly from the standpoint of research into small firms, is their neglect of non-work social experiences and their effects on work expectations and behavior.

Comparative Theories of Organizations

Comparative theorists have concerned themselves with the study of industrial and non-industrial organizations, and a great deal of attention has been paid to the construction of typologies based upon pre-selected organizational characteristics. Whilst this approach is limited in both its treatment of relationships within organizations, and relationships between organizations and the wider social structure, and so cannot successfully deal with the operational processes which characterize organizations, it has the virtue of using a very wide frame of reference and so being comprehensive in dealing with different types of organizations.

two of the major works in this field are those of Blau and Scott, and Etzioni.⁸² Etzioni for example, used a typology based upon the form of compliance of lower participants, and proposed coercive compliance involving alienative involvement; (e.g. custodial institutions), utilitarian compliance involving calculative involvement (e.g. employing organizations), and normative compliance involving a moral involvement (e.g. organizations based upon a social cause).

The comparative theorists' typologies have, probably by their very nature, remained, at a general level, divorced from social processes both within organizations and between the organizations and wider society. However, in some cases, within the scope of the limitations imposed by their broad frame of reference, they have been able to acknowledge the dominant role of profit-making in business organizations. For instance, the Blau and Scott typology, based on the principle of cui bono, who benefits, characterizes business organizations as having a proprietary major beneficiary. In turn, the major benefit derived from ownership is profit. Etzioni's typology, based upon the compliance of lower-level participants, contains essentially the same implicit implications. This is shown both in the calculative involvement of lower participants in business organizations, and is demonstrated by the demonstrated interchangeability of the Etzioni and Blau and Scott typologies.

Other typologies used by organizational theorists are less able, in themselves, to cope with the special role of profits in business organizations. However, in some cases at least, this has been, in effect, noted by the theorists concerned. This implies that, at a general level, the role of profit is being recognized, in an attempt possibly to subsequently deal with it.

For example, Perrow⁸³ says that every organization must accomplish four tasks to survive. These he states as the recruitment of capital, legitimation, skills, and co-ordination. One of these, he says, is likely to be

group best equipped to meet the problems involved.

Perrow's categorization of organizations in terms of a typology based upon these four defined needs was applied successfully to voluntary and non-voluntary service organizations. However, it appears to have less application in the case of profit-making organizations. In fact, Perrow⁸⁴ says:

"Our analysis may appear less applicable to profit-making organizations for two reasons. First, it could be argued, they are not characterized by multiple goals, but relate all operations to profit-making. Second, skill groups are not likely to dominate these organizations; owners control the small firms, and professional executives the larger ones."

Perrow goes on to make out a modest case against this initial analysis of the situation but, nonetheless, at a general level, acknowledges and underlines the difficulties which many comparative theorists experience when attempting to deal with business organizations. However, the fact that they have, on the one hand, attempted to include business organizations in their model and, on the other hand, made special reference to the problems raised for their models by these organizations, indicates a movement towards a more general acknowledgement of the need for such models to cater specifically for the structurally prescribed goal of profit in business organizations.

Behaviorists' School

This represents a relatively recent approach towards an examination of the firm. Cyert and March,⁸⁵ in formulating a behavioral theory of the firm, have described social behavior against a background analysis of economic functioning. However, their approach is concerned with operating rather than policy decisions and, as such, does not provide a comprehensive theory of the firm, and does not adequately explain the nature of the firm's relations with its environment.

Cyert and March claim that organizations in themselves do not have objectives, but that objectives result from a negotiated consensus of influ-

strengths of both the economic-managerial approach and the industrial-sociological approach towards a model of the firm. In doing so, it recognizes a discretionary element in management decision-making and the existence of possibly conflicting interests, within the firm, which require some form of coalitionary expression.

However, Cyert and March, in claiming that only people and not organizations have objectives, attribute all institutional characteristics of firms to the objectives and ambitions of previously participating personnel. Within Cyert and March's firm, where there are no policy changes made relating to either the structure of the organization or its product-market stance, this may apply in large measure. However, in times of change, structural constraints on the organization cannot be ignored purely in the face of the wishes and demands of participants.

Cyert and March cite useful evidence to suggest that some firms at least do not systematically assess multiple alternative courses of action during decision-making exercises, but accept the first alternative which satisfies the firm's aspirations. They show that the identification of a single solution to a problem may herald the termination of the search process.

Thus, this is a useful approach in that it deals with decision-making within an essentially economic framework of procedure. However, the class of decisions dealt with is not that which determines the firm's policy in times of change, and is not concerned with the firm's relations with the environment. Further, it does not deal with the institutional characteristics of the firm which any profit-oriented organization must see perpetuated through the decisions of individuals.

Cyert and March have undoubtedly made a very real and valuable contribution in merging economic and non-economic goals in their model of the firm. However, their model does not account for the principal which Parsons has termed emergence. In considering an organization to be fundamentally

no more complex than the sum of its constituent parts, they are not fully stating the effect of constraints on goals and objectives within the firm and are unable to effectively propose a system of weighting to measure the influence of various groups and individuals in the firm in pressing claims for their own particular interests.

Simon,⁸⁶ in an approach towards organizational goals generally consistent with that of Cyert and March, (and which pre-dates that of the latter) sees management strategies as being evaluated through a whole set of requirements of constraints rather than a single clearly defined goal. Some of these constraints are seen as being more 'goal-like' than others.

Simon⁸⁷ claims that he is reluctant to reify organizations by attributing goals to them, but rather, considers goals as defining requirements or constraints on courses of managerial behavior:

"In the decision-making situations of real life, a course of action, to be acceptable, must satisfy a whole set of requirements or constraints. Sometimes one of these requirements is singled out and referred to as the goal of the action. But the choice of one of the constraints, from many, is arbitrary. For many purposes it is more meaningful to refer to the whole set of requirements as the (complex) goal of the action. This conclusion applies both to individual and organizational decision-making."

However, despite Simon's concern with the issue of reifying the organization, he does, in concluding his case, reassert the status of profit as a principal goal:⁸⁸

"...profit may not enter directly into the decision-making of most members of a business organization. Again, this does not mean that it is improper or meaningless to regard profit as a principal goal of the business. It simply means that the decision-making mechanism is a loosely coupled system in which the profit constraint is only one among a number of constraints and enters into most sub-systems only in indirect ways."

Simon goes on to say:

"It would be both legitimate and realistic to describe most business firms as directed towards profit-making - subject to a number of side constraints - operating through

The behaviorist school represents a major advance in the field of descriptive models of the firm, though from the standpoint of an over-rational view of man as far as the small firm is concerned. However, to its credit, it stresses, to a great extent, the individualistic nature of goals held within the firm and the decision-making procedures accompanying them. The notion of organizational goals acting as constraints on management actions, which is more or less loosely implied in the model, corresponds with current trends of thought amongst managerial economists but lays greater stress on the effects of management's immediate internal organizational environment on goals and decision-making than does the managerial economic model.

Thus, the limitations of the existing behaviorist school from the viewpoint of the present research into small firms, lie essentially in its tendency to deal with operational decisions oriented towards maintaining a firm in its existing situation of equilibrium. In doing so, the approach does not deal adequately with the firm's relations with the environment in times of change, or the likelihood that any formerly existing consensus on the nature of goals held within the organization is likely to change under the influence of management's prime initiative.

Thus, for an understanding of the small firm, an advance on the behaviorist approach is required. For a relatively small amount of growth in the small firm (i.e., small in absolute terms but this may, nonetheless, represent a high percentage growth rate from the viewpoint of the small firm's initial size) will be accompanied by the emergence of new roles and functional specialisms, the breaking down of face-to-face relations in favour of greater bureaucracy, and possible changes in product-line. Thus, a model is required which can cope with fairly rapid changes in the entrepreneur's environment, and resulting processes of change in his personal goals.

This approach towards business analysis has much to commend it and is essentially similar to that used in the Harvard and Carnegie MBA courses and presented in Ansoff's "Corporate Strategy."⁹⁰

The approach poses the chief executive as the interposing force between the firm and its environment and concentrates on strategic decision-making, i.e., those decisions affecting the firm's relations with the environment. It has potential for dealing with change, and allows for the existence of organizational goals, seen as being inferred by the nature of the firm's relationship with its environment, and which are likely to have some independence of the goals of individuals.

In contrast to Cyert and March's approach, decision-making, rather than being considered a dispersed process based upon coalition objectives, is here treated as a concentrated process whereby policy objectives are set largely under the influence of the chief executive functioning within a basically economic framework of constraints in addition to the goals of other participants and the external environment.

This very hierarchical view of authority and decision-making powers being concentrated in the role of the chief executive has been criticised, perhaps with some justification in the case of the large firm, but not necessarily in the case of the small firm. In this country, Denning,⁹¹ in his attempted conceptual integration of business studies, has used a strategic decision-making approach, and has used the Galvor Company to illustrate his case. However, his stance has been criticised by the Manchester Business School,⁹² initially, for selecting for purposes of illustration, a company in which the chief executive has powers greater than those commonly enjoyed in modern conglomerates and, secondly, for failing to account for the opportunities of subordinates to transact with the environment even within this - a typical firm.

the large firm, and its current favour with the Harvard and Carnegie business departments may possibly be influenced by the usefulness of the approach as an aid to management teaching rather than a strictly defined interest in empirical reality. However, at a general level, the approach has much to commend it both in terms of stressing the importance of decision-making within the firm, and also in dealing with the firm's relations with the environment in a way in which behavioral theory has not yet succeeded. However, to its detriment, the approach does not devote any marked efforts towards identifying any of the individually determined goals associated with the role of the executive as distinct from the function, and has presented only a relatively unsophisticated description of the environment.

2.2.5. THE ORGANIZATION THEORISTS AND THE SMALL FIRM

Marx, Weber, Michels, Berle and Burnham, and their respective followers, were concerned with both the role of the large organization and its influence upon wider society. Though these all represented valuable contributions towards an understanding of organizational forms, they did not deal, nor did they specifically claim to, with the small firm. For the issues to which they addressed themselves - freedom and human happiness; democracy and oligarchy; ownership and control; capitalism and socialism, are essentially non-problematical in the study of the small firm. For the small firm in modern society appears to stand upon the sidelines of major social and economic events, and it is in this context that their study is called for.

However, Marx and Weber's works can be seen to have at least some relevance to the small firm - Marx in dealing with particularistic face-to-face relations in the small firm, and Weber in dealing with traditional authority relations. Further, Michels and Berle between them have, though somewhat indirectly, dealt with goal structures at various levels - at the individual, organizational and societal levels. However, it cannot be denied that

essentially incidental manner.

On the other hand, the classical writers who used an organizational frame of reference - many of them consultants and practicing managers - were primarily interested in the issue of operational efficiency within the firm. Thus, the two classical approaches - organizational and societal - were worlds apart, each occupying extreme positions on the societal-organizational continuum. Only Michels really made any major effort to bridge the gap by specifically considering organizational goals and the goals of participants (though the latter were considered only in a somewhat indirect manner).

Thus, the above classical writers come no closer than the classical writers from the economists' school to presenting a model with potential usefulness in an examination of the small firm. However, the modern writers from the organization theory school have tended to converge in their frame of reference, and have developed closer towards providing a comprehensive model of the firm.

To date, the strengths of the respective contributions of various writers belonging to this school, remain to some degree segmented and require to be combined. For instance, the strategic school, as represented by Ansoff, has simply stressed the importance of the firm's chief executive in influencing the firm's overall course and strategy. However, Ansoff has paid relatively little attention to the social situation of the chief executive vis-a-vis his personal goals and the meaning he brings to his situation. On the other hand, the behaviorists and Systems writers have looked at the organization using a wide enough frame of reference to include the entrepreneurial environment and its incumbent sub-group interests. However, in turn, they present no clear picture of the nature or role identity of the entrepreneur himself.

2.3. A CONVERGENCE OF THE SCHOOLS - TOWARDS AN INTERACTIONIST MODEL OF THE SMALL FIRM

The author sees a convergence between the two basic approaches -

fulness in an examination of the small firm. Both schools are tending towards a view of the business firm as a dynamic establishment guided in its course by the content matter of executive management decision-making. Further, recent contributions from both schools have, either explicitly or implicitly, recognised top management as an important intermediary between the firm and its external environment and, in doing so, have stressed the importance of the environment and the manner in which management is required to actively pursue a continuing investigation of its changing nature.

Both schools have also begun to recognise and acknowledge the individualistic nature of goals held within the firm, and their resulting effect upon decision-making. Thus, decisions which are not entirely in accordance with the requirements of organizational goal attainment, and which therefore might formerly have been regarded as "irrational", can now be considered merely "non-rational" (a useful distinction which Parsons makes in his Theory of Social Action), thereby offering the possibility for their consideration as being rational by reference to a further parameter of measurement - personal goals.

Recent additions to the theory of the firm from both of the above schools have recognized the autonomy of the manager or entrepreneur to pursue individually determined goals. The managerial economists, in particular, have attempted to quantify this by relating it to the intensity of competition, and to operationalize strategies for the pursuance of both organizational and individual goals in terms of the utility goal of growth. Further, it appears likely that the essentially theoretical approaches of the economists will act as antecedents to subsequent empirical work, which will attempt to isolate and observe in detail, the various individual goals held by managers.

From the organizational theorists' school, a tradition has developed, from Michels onwards to the behaviorists and corporate strategists, for a recognition of the need to cater for the integration of individual goals

The behaviorists may have overstated their case in claiming that only individuals, and not organizations, have goals. However, the corporate strategists have cleared the air by adopting a view of organizational goals as being inferred by the nature of the constraints imposed upon the firm by its relations with the environment, and as having a degree of independence from the goals of individuals.

Thus, the above situation may hail an almost imminent convergence of schools towards an interactionist view of the firm. The discretionary element existing for organizational executives, in defining goals to be pursued, has to be interpreted by the individual. Uncompromising adherence to either organizational or individual goals appears an unlikely situation. Thus, the individual is left to establish a working relationship between these two, and to make periodic adjustments between them. The factors influencing the re-establishment of this equilibrium are likely to be two-fold:

- (1) actual or objective changes in the individual's environment, and,
- (2) perceived or subjective changes, i.e., the meanings which changes have for the individual.

Thus, from beginnings of models of "firms" and a consideration of technical and organizational determinants, all schools appear to be developing towards a model of "managers" or "entrepreneurs," and a consideration of social determinants within the firm. Further, the parameters of their predecessors are being integrated into the referent environment - the entrepreneurial/organizational environment - of which organizational goals are an integral part.

However, the author sees no need to subscribe towards a zero-sum theory of management discretion. For instance, Williamson and Keyser have hypothesized that perfect competition in the firm's market situation will eliminate management's discretion for pursuing goals other than the organizational goal of profit maximization. But, this zero-sum situation conflicts

of discretion to pursue individually determined goals), and those of shareholders (the attainment of the organizational goal of long-term profit maximization). However, there is no necessary condition which decrees that perfect competition will eliminate the growth of the firm. Thus, though managements' discretion in pursuing individual goals may be minimized by perfect competition, it is not necessarily at a zero position.

With this latter point established, the discretion of organizational elites for pursuing individually determined goals can be taken to be ever present. Convergence on this point is essential for an understanding of the dynamics of the firm, and particularly the small entrepreneurial firm where the discretion of the owner-manager in setting goals is potentially relatively wide.

Having noted the perceived convergence between schools on a consideration of goals, it is important to note a convergence also in relation's with the environment. The classical organization theory approaches which have used a societal frame of reference to view the firm or bureaucracy at a general level, have tended to consider the firm as a unitary whole in its relations with the environment. On the other hand, the classical approaches of Taylor, Fayol et al, looked essentially little further than their search for shop-floor efficiency necessitated. However, recent contributions to both the organizational theorists' school and the economists' school have tended to develop a more sociological perspective in viewing the firm as a social system set in a wider social environment.

This, in conjunction with a recognition of executive management as one or a group of strategically positioned influential participants in the firm, is leading a trend towards the development of an understanding of the firm as a managerial social system within the social system of the firm itself. Thus, executive management (with its personal goals) can be seen as

being surrounded by the internal environment of the firm (comprising the organization's goals and the constraints set by the social, economic, technical and organizational determinants of the workplace), whilst the firm itself is surrounded by its own external referent environment. Thus, the executive is seen as a dominant force separate from the rest of the firm. This is a useful development towards a model capable of embracing the small firm. However, Ansoff has posed the chief executive as an interposing force between the firm and its environment. In doing so, he is particularly concerned with strategic decisions and organizational change. Cyert and March, on the other hand, have examined the firm in an almost static situation. However, a combination of the two approaches, catering for both strategic and internal decision-making, as any comprehensive model of the firm must, will, of necessity, need to consider the internal environment of the firm as an intermediary between the top executive and the firm's external environment.

2.3.1. THE CURRENT RESEARCH

The current research represented an empirically based exercise in model building and theory construction. Rather than attempt to re-work an existing organizational theory, the author went back to a basic sociological approach based on social action and interactionist constructs. An attempt was made to develop a survival model of the small firm, and to derive goals and performance variables from it. The small firm was seen as occupying a position on a growth continuum and the fundamental determinant of growth was seen as being the nature of the individual goal-set of the entrepreneur.

In accordance with the interactionist approach, the entrepreneur's attempts towards attainment of two sets of goals - organizational and individual goals - were not seen as being synonymous with a situation of role conflict. Instead, the working relationship between the two sets of goals was seen as constituting a single role.

three entrepreneurial ideal role types were developed, linked by a process of goal succession. In turn, goal succession developed in alignment with the growth of the firm. The limits on the growth of the firm were seen as being dependent upon the entrepreneur's willingness to undergo the process of goal succession based on a hierarchy of self-actualizing human needs.

Further, as the entrepreneur graduated through the three ideal role types, his discretion for pursuing individually determined goals not fully aligned with the organizational goal of profit, was seen to decline as the needs of personal goal attainment became ever closer aligned with attainment of the organizational goal of profit maximization.

The three ideal type entrepreneurial roles developed during the course of the research, were seen to correspond to three historically based manufacturing roles based on a growth continuum, and each being associated with its own characteristic business ideology. They were:

<u>Existing Ideal Type Role</u>	<u>Historical Counterpart</u>	<u>Business Ideology</u>
"Artisan"	Master Craftsman	Social Responsibility
"Classical Entrepreneur"	Early Capitalist	Laissez-Faire
"Manager"	Professional Manager	Long-Term-Company Interest (or Enlightened Self-Interest).

In addition, associated features of the 3 ideal type roles were investigated, including the development of a framework for understanding the entrepreneurs relations with the environment.

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CHAPTER THREE : RESEARCH METHODOLOGY

- 3.1. METHODOLOGICAL PRAGMATISM
- 3.2. THE RECRUITMENT OF CASE-STUDY SAMPLE FIRMS
- 3.3. DEFINITION OF THE SMALL FIRM AND THE SIZE CATEGORIES USED IN THE RESEARCH
- 3.4. RESEARCH TECHNIQUE
- 3.5. GROUNDED THEORY IN ACTION
- 3.6. DATA-THEORY INTERACTION : THE GENERATION OF GROUNDED HYPOTHESES

3.0. RESEARCH METHODOLOGY

At the outset of the research project, the author possessed first-hand experience of industry from having previously worked in 3 large firms over a period of 7 years, and having spent a year at post-graduate business school. On completion of the research work, the author considers that, without this prior experience of industry, he would probably have been unable to have established the rapport with his sample of entrepreneurs necessary to maintain a working relationship with them over a period of 3 years. Even so, research results were not always easy to generate, due partly to the weight of competing pressures acting upon entrepreneurs limiting their available energies for co-operating in the research, and due also to their varying degrees of favourability towards academic research.

The author's description and discussion of the research methodology used in the project are presented in essentially chronological order in an attempt to describe the actual circumstances of discovery and the interplay which occurred between empirical observation and the generation of theory.

3.1. METHODOLOGICAL PRAGMATISM

From the outset, the author oriented himself towards a general familiarization with small firms. An attempt was made to become acquainted with the structure and processes of functioning typical of the small firm. Attention was paid, at a general level, to the nature of relationships existing between the entrepreneur, the firm, and the external environment.

The author made an early entry into the field, but resisted all temptations to formulate hypotheses, based upon a priori assumptions, as guides to subsequent empirical work. Instead, a strategy of constant interplay between data and theory was adopted. Data were continually examined and analyzed in order to generate the theories and hypotheses which were to guide later stages of data collection. It was considered that the generation

of theory in this way presented a strategy for arriving at theory best suited to its required uses. This strategy was considered to be particularly suited to research in the field of small firms due to the relative sparsity of previous research work in the field. In view of this latter situation, it was considered that any non-grounded theory would have been essentially speculative in nature.

The research approach used by the author, in delaying the generation of hypotheses, was similar to that used by Dalton¹ (though this only became evident to the author at a subsequent point in time). Dalton says that no explicit hypotheses were formulated in his 'Men Who Manage' research work for 3 reasons: "(1) I never feel sure what is relevant for hypothesizing until I have some intimacy with the situation - I think of a hypothesis as a well-founded conjecture; (2) once uttered, a hypothesis becomes obligatory to a degree; (3) there is some danger that the hypothesis will become esteemed for itself and work as an abused symbol of science."

The author's reasons for delaying the generation of hypotheses were essentially similar to those of Dalton:

- (1) No seemingly useful hypotheses appeared self-suggesting in the light of (a) the previous sparsity of research in the field, and (b) the author's previous industrial experience having been confined to large firms.
- (2) It was considered that any hypotheses formulated prematurely as antecedents of research, or as guides to research, would have been likely to have had either (a) a high probability of being substantiated but a low information content, or, (b) a high information content but a low probability of being substantiated. In this context, Popper² has said:

"Science does not aim, primarily, at high probabilities. It aims at high informative content, well backed by experience. But a hypotheses may be very probable simply because it tells us nothing or very little."

- (3) The risk associated with adherence to a strategy of hypothesis guided research was seen as being greater than that associated with a strategy of generating theory out of data. The latter strategy appeared likely to generate certain results initially which would have little relevance to

the eventual findings of the project. However, the risk associated with the former strategy was considered much greater in view of the possibility of data collection being guided by a totally inappropriate hypothesis or hypotheses.

- (4) The danger of an initially stated hypothesis acting as a self-fulfilling prophecy was considered. It was thought that a quest for hypothesis confirmation might lead to important relationships being overlooked, and to a reified hypothesis being exaggerated in its true usefulness in collecting and collating research data. For, it appears that, once a researcher has committed his own research efforts and the resources at his disposal, to the examination of a research hypothesis, issues other than those of strict academic precision may possibly emerge. As a result, an inappropriate guiding hypothesis may only act to magnify the difficulties encountered in recruiting affirmative data.

The latter point coincides essentially with Dalton's³ claim that Darwin's magnanimous surrender to Agassiz's abler hypothesis about the structure of Glen Roy is not typical, and that Goethe's long research and "brilliant but empty" theorizing in opposition to Newton's superior hypothesis on the nature of colour is more typical of the consequences of hypothesis guided research. In accordance with Goethe's stance, the author considered that the improbability of a hypothesis being correct in its predictions might possibly serve as little more than an indication of the problems likely to be encountered, and the ingenuity required, in collecting data supporting the hypothesis.

Glaser and Strauss⁴ have criticised the tendency for researchers to deduce theory from a priori assumptions. As an alternative and potentially more useful strategy, they have proposed the "grounding" of theory by a process of theory generation out of data. Their proposed role for research as a constructive method of theory building appears to possess potential for discovering the concepts and hypotheses most relevant to the research area.

Glaser and Strauss do not deny that some previous research studies have been associated with a process of theory generation from data. However, they make the point that, in such cases, the strategy for "purposefully discover-

ing theory through social research" has been essentially absent. In its place existed "serendipity," i.e., the emergence of unanticipated fieldwork data led to the generation of new hypotheses or, alternatively, paved the way towards a modification of existing hypotheses. The contribution of Goldthorpe⁵ et al to the field of industrial sociology may be considered an example of serendipity. Goldthorpe, in a recent paper, has said:

"... our contribution to industrial sociology was a by-product of an enquiry focused on an issue to which the concerns of this specialism were only partially relevant, i.e., the alleged process of embourgeoisement within certain sections of the 'new' working class...we...set out the theoretical thinking which these findings had stimulated - even though, in the very nature of the case, the theory had applied in a post factum manner."

The emphasis which grounded theory places on discovery gives it characteristics associated with the physical and biological sciences. This is in contrast to the approach frequently adopted in the social sciences of studying relationships in terms of statistical correlations. Analytic induction⁶ attempts to generate universal statements designed to eliminate the 'deviant' or 'minority' observations associated with statistical studies and, instead, to present an exhaustive set of conditions under which certain phenomena are to be observed.

Thus, the body of theory generated is regarded essentially in the light of a contribution towards the total body of knowledge in a subject area as a whole. This is then unlikely to be completely refuted by additional data, or totally replaced by an alternative theory. Rather, the universal statements will require only to be extended in the light of a wider set of conditions. This process of partially dismantling a theory and subsequently reconstructing a more embracing theory is a process carried on by a community of scientists and is the essence of the progress of a science.

In keeping with this analytic induction approach, none of the current research results were considered "deviant" to a main body of otherwise consistent findings. Instead, all theories and hypotheses were extended

to account for the sum total of all research observations. Thus, derived theory, grounded in data, possesses the necessary qualities to endure, despite its possible modification in the light of subsequent investigations embracing additional research situations.

3.2. THE RECRUITMENT OF CASE-STUDY SAMPLE FIRMS

Initial Visits to Pre-Sample Firms

During the initial weeks of the research project, contact was established with 3 small firms in the Kingston area. Visits were made to each of them in an attempt to become familiar with the structure and processes associated with small firms. The firms were contacted through a 'Management Research Society' which met at monthly intervals at Kingston Polytechnic and comprised ex-Diploma in Management students and local businessmen.

One of the above firms, employing 35 personnel involved in the manufacture of wire-products, was wholly owned and controlled by a member of the Management Research Society, Frank Williams, a previous part-time student at the college. Another of the firms visited was a printing firm employing 45 personnel and controlled by an entrepreneur, Ian Wilkin, who possessed no higher education or formal management training. The third firm visited was an electronics firm employing 15 people. Admission to this firm was gained through a management consultant member of the Management Research Society, who was currently employed in the firm as a consultant.

Two visits were made to each of the above firms in the initial period of the project. These visits were directed, at a conceptual level, towards an attempt to develop a working model or "picture" of the small firm, paying particular attention to both the entrepreneur as an individual entity and to the firm's environment as possible important elements influencing the functioning of the small firm.

Sample Size

After the project had been in operation for 3 months, a major sample of 8 firms was recruited, and remained essentially intact throughout the remainder of the research project. The choice in favour of a relatively small sample size was made in order to facilitate the collection of empirical data and observations in depth using a case-study approach, rather than attempting to facilitate the establishment of statistically valid generalizations by using a large sample survey technique and concentrating on a narrower area of subject matter.

The alternatives available to organizational researchers were seen as being:

- (a) Experimental analysis
- (b) Single case-study analysis
- (c) Small sample comparative case-descriptive analysis
- (d) Large sample multivariate analysis.

The option of experimental analysis was ruled out on 2 grounds. Firstly, it was considered probable that relatively few organizations would be willing to permit the high degree of control over the conditions of observation required to permit experiments. Secondly, such experiments involve the early formulation of hypotheses. Weick,⁷ in making out a case in favour of the use of experiments in organizational research, claims that hypotheses, "may uncover problems as often as they obscure them." However, unless referent causal relationships have been identified by previous research, experiments appear to have limited scope for delivering meaningful data. Thus, whilst a grounded theory approach based on case-studies may be considered a necessary antecedent of experimental laboratory research, the converse does not appear to apply.

Two of the 3 remaining alternative research approaches - single case-study and multivariate survey analysis - are frequently considered to

represent the elements of a two-choice dichotomy. Mouzelis⁸ has said:

"It has become commonplace to speak of the case-study-survey dilemma in organizational literature: on the one hand the one-case study is alleged to give many insights and fruitful hypotheses about the functioning of a particular organization but to provide no possibility of testing such hypotheses. On the other hand, by a survey study of many organizations, there is the possibility for generalized and methodologically more valid findings - but of a superficial or trivial nature."

For the purposes of the present research project, the limitations of the survey method in contributing towards an understanding of the dynamic aspects of relationships between variables was considered to be a serious drawback. In fact, this represented the major reason for its rejection. Thus, 2 alternatives remained: the single-case study and the small sample case-descriptive analysis.

The single-case study was rejected on account of its inability to generate universals by failing to make allowance for combating the problem of spuriousness. Price,⁹ in his paper, "Design of Proof for Organizational Research," has said:

"The logical weaknesses of the case-study are well known. It provides no assurance that the variables of a proposition are correlated, allows no way to eliminate other possible determinants of the dependent variable (the problem of spuriousness), and includes no means to specify the time sequence of the variables whose relationship is being tested."

Thus, the single case-study fails to facilitate the theory interaction between organizations which is present in a comparative study, and renders the 'inductive leap' between theory and data too big to bridge the gap.

However, the above notwithstanding, the case-study does possess both its advantages and its advocates. Mouzelis¹⁰ points to the fact that, "The most representative writings on bureaucracy since Weber are based on intensive research in a single organizational setting." Such an organizational study is Gouldner's study, "Patterns of Bureaucracy." In this study, Gouldner justified the role of the case-study in an investigation of bureaucracy in a

single factory:

"As a case-study of only one factory, this study can offer no conclusions about the "state" of American industry at large, or about the forces that make for bureaucratization in general. It is the function of a case history to develop hypotheses which may be shown, on further investigation, to have broader application."

However, the quest for both breadth and depth is a dilemma facing many researchers. For the purposes of the present research project, the choice was made in favour of as diverse an approach as possible in a relatively small number of firms. This decision was structured, partially at least, by the previous absence of a satisfactory descriptive model of the small firm able to facilitate the generation of meaningful hypotheses early on in the project.

The Industries Chosen For Study : Printing And Electronics

The main research sample composed eight firms drawn from 2 industries. The benefits of using more than a single industry were seen as stemming from the possibilities for comparison, whilst the desire for thoroughness within the structure of the existing constraints structured a decision not to investigate a third industry. The 2 industries chosen were selected in accordance with their diverse natures in an attempt to detach resulting hypotheses and theories from reliance upon observations characteristic of a single industry. Simmel¹² has very aptly stated this aspect of research method as follows:

"...we shall discover the laws of social forms only by collecting such societary phenomena of the most diverse contents and by ascertaining that is common to them in spite of their diversity."

The industries chosen for research purposes were the traditional craft-based printing industry and the modern science-based electronics industry. The difference between comparison groups was maximized in order to maximize the scope of the data subsequently collected, with a view to developing a

It was not expected to develop a statistically significant and de-limited set of generalizations from the sample, but to yield sufficient comparative data for the construction of a framework for at least a partially selective analysis using an analytic induction approach.

3.3. DEFINITION OF THE SMALL FIRM AND THE SIZE CATEGORIES USED IN THE RESEARCH.

There appears to be no single definition of organizational size which describes an organization in all its aspects and any single definition can only justifiably be used in the presence of stated limitations.

The 3 definitions which appear to be most widely used in defining organizational size are:

- (1) Organizational size expressed in monetary terms.
- (2) Organizational size expressed in terms of physical criteria.
- (3) Organizational size expressed in terms of workforce size.

Organizational Size Expressed In Monetary Terms

Economists and accountants have tended to use a definition of organizational size expressed in terms of financial values, and have often used the value of organizational assets or financial value of organizational output (turnover) as an indication of size.¹³

Organizational Size Expressed In Terms Of Physical Criteria

The physical criteria used are usually either the physical size of premises or else the physical size of organizational product or productive capacity. The latter is particularly descriptive of highly plant intensive organizations such as chemical firms, oil firms, or shipping companies. However, this form of size definition can also be usefully used in organizations catering for a non-employee human clientele. For example, the size of therapeutic, custodial, scholastic or catering organizations may be described in

Organizational Size Expressed In Terms Of Workforce Size:

The frequency of use of the various parameters of organizational size is likely to be structured in terms of the particular discipline of the researcher using it. Sociologists, being concerned essentially with social systems, are likely to find a definition of organizational size in terms of number of full-time members most functional. Caplow,¹⁵ for instance, says:

"The simplest and most adequate way of arranging organizations by size is to count their members..."

Ingham, who has studied firms in the process of growth has found a similar definition functional for a sociological study. Thus, whilst workforce size is only one way of defining organizational size, it is the most salient for the aspects of the firm being currently studied, i.e., social dynamics.

The Workforce Size Categories Used

There can be no precise and unchallenged basis for categorizing firms into specific workforce size categories. Depending upon the specific frame of reference used, definitions of small, medium and large firms will vary. For instance, the British Federation of Master Printers define a small firm in the printing industry - an industry characterized by small firms - as one employing less than 25 personnel¹⁶ and a large firm as one employing more than 250 personnel. However, in a typically large firm industry - such as the capital intensive car, steel and chemical industries - a firm employing considerably more than 250 personnel may be considered relatively small.

For the purpose of the research, a total industry frame of reference was used to facilitate a common definition of the small firm for use in all of the firms studied. Thus, a small firm was defined as one employing less than 200 personnel. This definition coincides fairly closely with the Aston University Business Small Business Centre's definition of a small firm as one

Of Enquiry on small firms set up by the Board of Trade, used a definition of the small firm as one employing 200 employees or less.¹⁸

The sample size of 8 firms, used for the major part of the project, controlled essentially for 2 variables : those of technology (electronics and printing) and organizational size. In each of the 2 industries studied, 4 definitions of organizational size were used within the constraints of the limiting definition of a small firm as being one employing 200 personnel or less. The size categories used were those of 1-10; 11-50; 51-100, and 101-200 personnel respectively.

The generation of entrepreneur was not isolated as a variable in sample recruitment, but was found to be related to age of technology and organizational size amongst the main sample of 8 firms:

TECHNOLOGY	SIZE CATEGORIES FROM WHICH FIRMS RECRUITED (No. Employees)	ENTREPRENEURIAL GENERATION OF CHIEF EXECUTIVE
TRADITIONAL CRAFT-BASED PRINTING INDUSTRY	0 - 10	First Generation
	11 - 50	Second Generation
	51 - 100	Second Generation
	101 - 200	Second Generation
YOUNG SCIENCE-BASED ELECTRONICS INDUSTRY	0 - 10	First Generation
	11 - 50	First Generation
	51 - 100	First Generation
	101 - 200	Second Generation

Thus, by selecting 8 firms for a main-study sample, it was hoped to combine depth of observation within respective organizations with opportunities for a comparison of important variables. This small sample case-descriptive analysis approach is somewhat similar to that used by Dalton in his study¹⁹ (Dalton carried out research in 6 firms, though by participant observation rather than by structured interviews). Thus, it was hoped to overcome the conflict between methodological precision and depth insight.

In addition to the main sample of 8 firms, other firms were visited on occasions in order to enlarge on phenomena observed in the main study firms. However, the bulk of this work took the form of meetings with Frank Williams who was visited before the above sample was recruited, and who subsequently sold his firm to a public company and joined the latter as a Managing Director. He agreed to continue his co-operation in the research, and was visited at regular intervals during the remainder of the project with a view to investigating changes in entrepreneurial goals and comparing decision-making procedures in an owner-managed firm with those in a public company.

Method Of Recruitment Of The Sample

The main sample of 8 firms which was recruited after the research project had been in operation for 3 months, included only the printing firm of the 3 firms visited previously.

Names, addresses, sizes, and industrial categories of manufacturing organizations in the Kingston-Upon-Thames area were obtained from the Kingston-Upon-Thames Area Ministry of Technology Industrial Liaison Centre, situated at Kingston Polytechnic (See the Chapter Appendix 1 for definitions of Kingston Area and Standard Industrial Classification Orders served by the Industrial Liaison Centre).

The distribution of firms in the Kingston Area between the 17 Standard Industrial Classification Orders serviced by the centre was as follows:

<u>Standard Industrial Classification Order</u>	<u>Number of Establishments In Each Order</u>
I Agriculture, Forestry and Fishing.	1
II Mining and Quarrying.	0
III Food, Drink and Tobacco.	30
IV Chemicals and Allied Industries.	40
V Metal Manufacture.	19
VI Engineering and Electrical Goods.	358
VII Shipbuilding and Marine Engineering.	19
VIII Vehicles.	43
IX Metal Goods not elsewhere specified.	110
X Textiles.	9
XI Leather, Leather Goods and Fur.	7
XII Clothing and Footwear.	26

XIII	Brick, Pottery, Glass, Cement, etc.	24
XIV	Timber, Furniture, etc.	84
XV	Paper, Printing and Publishing.	95
XVI	Other Manufacturing Industries.	61
XVII	Construction.	434

TOTAL 1,360

Though the 2 industries chosen for study were chosen essentially on the basis of their differing technologies, the above distribution of firms over the 14 Standard Industrial Classification Orders in manufacturing industry shows Orders VI and XV, embracing electronics and printing respectively, to be 2 of the largest, and therefore most representative, industrial categories. In fact, accompanied by Order IX (Metal Goods not elsewhere specified) they comprised the three most populous Orders.

The firms recruited from Order VI (Engineering and Electrical Goods) were selected from the "Radio and Electronic Apparatus" sub-division of the Order. Even this single sub-division included 61 firms and exceeded the number of firms in 9 of the remaining 12 Orders not chosen for investigation. Further, only one of these three larger orders, 'Timber, Furniture, etc', represented a distinct industrial category. The other two, 'Metal Goods not elsewhere specified' and 'Other Manufacturing Industries' did not, by their very general nature, offer themselves as series alternatives to the 2 orders chosen for investigation.

<u>Standard Industrial Classification (S.I.C.) Order</u>	<u>Number Of Establishments</u>	<u>Percentage Of Total</u>
S.I.C. VI (Engineering and Electrical Goods)	358	38.7 per cent.
S.I.C. VI Sub-Division : 'Radio And Electronic Apparatus'	156	16.8 per cent.
S.I.C. XV (Paper, Printing and Publishing)	95	10.3 per cent.
S.I.C's VI and XV	453	49.0 per cent.
S.I.C's III - XVI inclusive	925	100 per cent.

SIZE DISTRIBUTION OF INDUSTRIAL MANUFACTURING ESTABLISHMENTS IN THE KINGSTON AREA BASED ON STANDARD INDUSTRIAL CLASSIFICATION ORDERS I-XVII INCLUSIVE.

Size Of Establishments	Number Of Establishments	Percentage Of Firms In Size Category	Accumulative Percentage
0 - 10 personnel	395	29 per cent	72.3
11 - 50 personnel	589	43.3 per cent	
51 - 100 personnel	118	8.7 per cent	81.0
101 - 200 personnel	67	4.9 per cent	85.9
201 - 500 personnel	56	4.1 per cent	90.0
Over 500 personnel	31	2.3 per cent	92.3
Unknown Size	104	7.7 per cent	100
TOTAL:	1,360		

SIZE DISTRIBUTION OF FIRMS IN THE KINGSTON AREA BASED ON THE FOURTEEN STANDARD INDUSTRIAL CLASSIFICATION ORDERS USED BY THE BOARD OF TRADE IN DEFINING 'MANUFACTURING INDUSTRY' (i.e. excluding firms from orders I,II, and XVII from the figures presented above).

Size Of Establishments	Number Of Establishments	Percentage Of Firms In Size Category	Accumulative Percentage
0 - 10 personnel	252	27.25	69.20
11 - 50 personnel	388	41.95	
51 - 100 personnel	89	9.62	78.82
101 - 200 personnel	66	7.14	85.96
201 - 500 personnel	46	4.97	90.93
Over 500 personnel	25	2.70	93.63
Unknown Size	59	6.38	100.01
TOTAL :	925		

COMPARISON OF THE SIZE DISTRIBUTION OF FIRMS IN THE KINGSTON AREA WITH THAT
IN THE NATIONAL ECONOMY (Based On Standard Industrial Classification Orders
III-VXI Inclusive)

The size distribution of firms in the national economy as stated in 1963 Census Of Production data, is as follows* :

Size Of Establishment	Number Of Establishments	Percentage Of Firms In Size Category	Accumulative Percentage
1 - 10 personnel	30,831	34.28	34.28
11 - 49 personnel	30,116	33.48	67.76
50 - 99 personnel	9,033	10.05	77.81
100 - 199 personnel	6,449	7.17	84.98
200 - 499 personnel	4,991	5.55	90.53
500+	2,806	3.12	93.65
Unknown Size	5,723	6.36	100.01
TOTAL :	89,949		

$\chi^2 = 3.63$ (6°F) $0.5 < p < 0.9$ i.e., there appears to be no significant difference in the size distribution of firms in the Kingston area and the national economy as a whole.

* The establishment size categories used by the Board Of Trade were not always identical with those supplied to the author in respect of the Kingston area. However, the only differences occurred where a size category was taken to a 9 e.g. 50-99, rather than to a zero, e.g., 51-100. No corrections were made to allow for this in the χ^2 statistical test of significance. In addition, the Census figures used in the above comparison exercised were collected in 1963 whereas, the figures for the Kingston area were claimed to be more recent. However, once again, no opportunities for applying corrective factors appeared to exist.

The entrepreneur from the printing firm visited during the initial period of familiarization with small firms, Leadprint Limited, agreed to co-operate in the main research study. This firm of general printers, and specialists in the photographic reproduction of out-of-print books, employed between 40 and 50 personnel.

Names and addresses of additional firms were obtained from the Ministry of Technology Industrial Liaison Officer at Kingston Polytechnic. In view of the relatively small sample size required, the statistical techniques of sample selection by random selection tables were dispensed with. However, in order to help maintain objectivity, the Ministry of Technology Industrial Liaison Officer was requested not to comment, either favourably or adversely, on any of the firms available for consideration.

An initial letter to firms, requesting their co-operation, and containing assurances of confidence, was drafted by the author and signed, at the author's request, by the Head of the School of Management at Kingston Polytechnic.

Before approaching firms and inviting their co-operation in the project, the author was faced with the problem of deciding on what basis he should justify to entrepreneurs his request for co-operation. Indeed, at this early stage in the research, the precise nature of the project as it was to develop was still somewhat uncertain. However, the possible importance of the individual entrepreneur in determining the fortunes of the small firm had already been considered, and the author therefore had no wish to alienate co-operating entrepreneurs by conveying to them the impression that their actions were being subjected to critical examination. That is not to say the author did not possess this intention, nor that he did not subsequently execute it. However, at this stage, the author felt himself faced with an ethical problem of the kind outlined by Mouzelis,²⁰ who, commenting upon the role of the re-

searcher, has said:

"He, (the researcher) has to decide whether or not he should disclose his intentions to his subjects. The widespread and rather fashionable practice of making quite clear to all organizational members what the research is about, might ethically be an excellent attitude, but severely restricts the range of topics that one can pursue (i.e., only those which seem quite harmless to all concerned). For instance, if Dalton had made public the intentions of his study in advance, I do not think he would ever have gained management's consent for such a research project. Similarly, I see no reason why, in Crozier's book, the group of maintenance workers would have agreed to co-operate with the author, if they had known what the research was about."

In accordance with Crozier's²¹ point, Roy's²² study of what Bendix²³ has so aptly called 'strategies of independence', could not have been studied by other than a participant observer who had managed to become accepted as a worker.

The author considered that, in order to gain the confidence of entrepreneurs, he would be best advised to adopt a strategy of "sympathetic neutrality." Whilst he had no desire to depart from the methodologically desirable standpoint of perfect detachment from the field of research, if this is possible, he equally had no desire to alienate entrepreneurs from the research by establishing his neutrality in the form of a totally impersonalized and unsympathetic approach.

As a result, the author, from the outset, claimed an interest in "the problems faced by the small firm" and, at a later stage in the work, an interest in "the goals of the individual entrepreneur" was stated. During the later stages of the research, verbalized queries on the nature and purposes of the research ceased to be forthcoming and the co-operation of entrepreneurs became automatic rather than problematical.

Firms failing to reply to an initial letter were contacted again through a second letter 2 weeks later. In the event of a further failure to respond, the author contacted the firm concerned by telephone.

Printing Firms

The size distribution of 'Paper, Printing and Publishing' firms in the Kingston-Upon-Thames Area, derived from Industrial Liaison Centre files, was as follows:

<u>Size</u>	<u>Frequency</u>
0 - 10	26
11 - 50	45
51 - 100	6
101 - 200	3
201 - 500	5
Over 500	3
Unknown Size	7
n =	<u>95</u>

Sub-Categories of Standard Industrial Classification Order : "Paper, Printing and Publishing."

- (1) Paper and Board.
- (2) Cardboard Boxes and Cartons and Fibre-Board Packing Cases.
- (3) Manufacturers of Paper and Board not elsewhere specified.
- (4) Printing, Publishing of Newspapers & Periodicals.
- (5) Other Printing, Publishing, Bookbinding, Engraving, etc.

In only 2 out of the above 5 sub-categories did there exist at least one firm in each of the four size categories of interest, i.e., 0-10, 11-50, 51-100 and 101-200 personnel respectively. However, in each of the 2 sub-categories in question, there existed only one firm in the 101-200 personnel size category. Further investigation revealed each of these establishments to be subsidiaries of larger enterprises. As a result, the final sample of 4 firms was recruited from the Standard Industrial Classification Order, "Paper, Printing and Publishing," as a whole.

Of 3 printing firms approached initially, the 2 largest, in the 51-100 and the 101-200 personnel categories respectively, replied to an initial letter explaining that they were subsidiaries of public companies. However, the largest of these expressed an interest in the project and was,

thereafter, visited on a quarterly basis. The smallest of the 3 printing firms initially contacted, i.e., that in the 0-10 personnel category, failed to respond to 2 approaches in writing, and responded unfavourably towards a subsequent contact by telephone.

Three more firms were approached, and two of them responded to an initial letter. The firm in the 0-10 personnel category agreed to co-operate in the project, whilst the firm in the 101-200 personnel category proved, once again, to be a subsidiary of a large public company. The third firm, in the 51-100 category, failed to respond to a second letter and, when contacted by telephone, preferred not to co-operate in the project, due to stated anxieties of confidence based upon the possibility of information being used by competitors.

Two more firms in the larger size categories were contacted. The firm in the 51-100 category agreed to co-operate whilst the firm in the 101-200 size category, once again, proved to be a subsidiary of a public company. The sole remaining firm in this size category situated in the Kingston area was then contacted and agreed to co-operate. This firm was itself a public company, but largely family controlled, and so was recruited to the sample.

Thus, 9 firms were approached in order to recruit 3 to the main project sample. However, only 2 firms overtly declined to co-operate, the other 4 being subsidiaries of larger firms.

Electronics Firms

The size distribution of "Engineering and Electrical Goods" organizations in the Kingston area, derived from Industrial Liaison Centre files, was as follows:-

<u>Size</u>	<u>Frequency</u>
0 - 10	88
11 - 50	138
51 - 100	41
101 - 200	33
201 - 500	20
Over 500	10
Size Unknown	28

n =

358

Sub-Categories of Standard Industrial Classification Order: "Engineering and Electrical Goods."*

- (1) Agriculture machinery (except tractors)
- (2) Metal-working machine tools
- (3) Engineers' small tools and gauges
- (4) Industrial engines
- (5) Textile machinery and accessories
- (6) Contractors' plant and quarrying machinery
- (7) Mechanical handling equipment
- (8) Office machinery
- (9) Other machinery
- (10) Industrial plant and steelwork
- (11) Ordnance and small arms
- (12) Other mechanical engineering not elsewhere specified
- (13) Scientific, surgical and photographic instruments, etc.
- (14) Watches and clocks
- (15) Electrical machinery
- (16) Insulated wires and cables
- (17) Telegraph and telephone apparatus
- (18) Radio and other electronics apparatus
- (19) Domestic electrical appliances
- (20) Other electrical goods.

* In 1968, the Standard Statistical Classification was revised and the 17 Orders catered for by the Ministry of Technology Industrial Liaison Service expanded to 20. The revision essentially took the form of the introduction of "Coal and Petroleum Products" as a S.I.C. order, and the replacement of "Engineering and Electrical Goods" by 3 orders: "Mechanical Engineering," "Instrument Engineering" and "Electrical Engineering." However, in 1969, the 1963 Census of Production Summary Tables were published still using the Industrial Standard Classification Orders published in 1958 and, for purposes of statistical comparison, no alterations were made to the above data. The electronics firms studied in the current research were, after the 1968 revision, covered by S.I.C. Order, "Electrical Engineering."

For the purposes of the current research project, the "Electronic Apparatus" sub-category was used for sample recruitment. The size distribution of manufacturing organizations in this sub-category, again derived from Industrial Liaison Centre files, was as follows:

<u>Size</u>	<u>Frequency</u>
0 - 10	14
11 - 50	15
51 - 100	7
101 - 200	6
201 - 500	8
Over 500	2
Size Unknown	9
	<hr/>
n =	61

Four electronics firms were initially invited to co-operate in the research project, and the firms in the 51-100 and the 101-200 size categories responded favourably. The firm in the 11-50 size category failed to respond to two letters, but agreed to co-operate when approached by telephone. The firm in the 0-10 personnel category was found to have moved to a development area. Two other firms in the latter size group were contacted and both responded to an initial letter. However, after an initial visit, one of the firms expressed a desire not to be included in the major study, whilst control of the other firm proved to have been recently acquired by a larger organization. A further firm in this size category was approached, and responded to an initial letter agreeing to co-operate.

Thus, 7 firms were approached in order to recruit 4. Only one firm overtly declined to co-operate. The other 2 were subsidiaries of larger firms.

The Firms Recruited

The firms recruited were as follows:

Printing Firms

Modern Offset Ltd.	3	-
Leadprint Ltd.	5	-
G.S. Gridley & Co.Ltd.	2	3
Printed Cartons & Co.Ltd.	2	-
	<u>TOTAL</u>	<u>3</u>
	12	3

Electronics Firms

Elecsonics Ltd.	2	1
Control Engineering Ltd.	3	3
Instrument Electronics Ltd.	5	-
James Stanley Ltd.	3	-
	<u>TOTAL</u>	<u>4</u>
	13	4

Aggregated Totals

25	7
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3.4. RESEARCH TECHNIQUE

As a result of a first-hand acquaintance with a number of professional managers, and having followed the controversy of the functional necessity for social stratification as a motivating factor in society,²⁴ the author had reservations from the outset about the validity of the entrepreneurs' purely economic motivation portrayed in classical economic theory.

Tumin, exemplifying the mounting criticism being levelled against the notion of 'economic man' has suggested "job satisfaction" and "sense of social service" as non-economic role gratifications, likely to function as motivators in filling functionally important roles in the absence of a marked system of economic role differentiations, led the author to adopt a semi-structured interview technique during the initial stages of the data collection in order to allow entrepreneurs to comment generally upon their own

individually determined (personal) goals. Initial results tended to confirm the existence of a series of personal goals, some of them based upon essentially non-economic forms of gratification.

Respondents varied markedly in their first reactions to the author. Some appeared merely to be seeking an audience for the expression of their grievances and anxieties. Others talked at length, and appeared willing to be essentially directed by the author's questions. However, some gave very direct and precise replies to questions, and then merely awaited subsequent questions. The latter proved, during the early stages of the research, to be the least fruitful response in view of the author's grounded research approach and desire to leave the respondent autonomy to raise unsolicited but potentially important and/or unique features of the firm's operations.

Several of the entrepreneurs initially expressed a degree of surprise at the author's relative youth, and claimed to have expected a visit by an older member of the Polytechnic staff. In these firms in particular, the author made overt attempts to explain his former contacts with industry, and to demonstrate an ability to understand and appreciate the practical implications of statements made by the respondents.

Anxieties over confidences were also expressed and appropriate guarantees given by the author. Visits to each firm studied were made, where possible, on a monthly basis, with flexibility either way to deal with contingencies. The first few visits to each firm were established on a fairly formal basis, with times and dates being agreed well in advance and entrepreneurs, in some cases, even requesting prior knowledge of the author's intended area of questioning. In certain cases, "baits" were used, e.g. where entrepreneurs had previously expressed strong disagreements concerning government intervention in industry, the author said he wanted to talk about "Government's effect on business." This almost invariably had the desired effect without tying the author to more than cursory mention of the "bait" topic during the subsequent interview.

in establishing a rapport with the co-operating entrepreneurs and, in most cases, was addressed by his Christian name and invited to suggest visit times of his own convenience.

The author was able to establish an out-of-work relationship with three of the entrepreneurs studied, though, in one case, this relationship developed disruptive consequences for the research.

The co-operation of one firm, Smith-Brown Electronics Limited, was withdrawn at the end of the first year when the author requested access to financial results. One of 4 entrepreneurs at this firm, a man in his fifties with apparently few acceptable alternative employment prospects, had appeared sensitive in the light of the firm's low profitability.

Withdrawal Of Support From Smith-Brown Electronics Limited

The author experienced difficulties involving inter-personal relationships in cases where he encountered more than a single entrepreneur in a firm. In all such cases, the author perceived a differential favourability of response amongst the respondent entrepreneurs. In 3 cases, this created experiences of ambivalence on the part of the author. The respondent to the initial letter to the firm, requesting co-operation in the research project, was always favourably disposed towards the author. In 2 cases - Instrument Electronics Limited (with 3 entrepreneurs), and Modern Offset Limited (2 entrepreneurs) - the respondent was the dominant personality in the firm. In each of these cases, the author concentrated on developing a close co-operation from this respondent in order to ensure continuing access into the firm, and subsequently arranged individual meetings with the other entrepreneurs to increase the depth of the research.

However, in the case of Smith-Brown Electronics Limited the respondent, though an equal partner with 3 others, was not an informal leader. The 2 founders - Smith and Brown - appeared to have maintained informal leader-

firm's co-operation from the research project. However, the issue instrumental in precipitating this decision was the author's request for financial data concerning the firm's trading position.

In retrospect, the author considers that, had he possessed the benefit of hindsight and not requested financial data from Smith-Brown Electronics, their co-operation might well not have been withdrawn. However, the author feels that when co-operation was withdrawn, it was not on the grounds of secrecy, but because Brown - the oldest of the entrepreneurs, and thus the man whose market value in employment was lowest - felt that the firm was being judged alongside others.

As a result of Smith-Brown Electronics's withdrawal from the research project, Elecsonics was recruited as a replacement firm.

Other Research Problems

The author observed a sensitivity in some of the other firms when the topic of profit was mentioned, and found that his relationship with the entrepreneurs in question, once upset on even an apparently small point, took considerable efforts to repair. A saving point here was the 1967 Companies Disclosures Act which enforced the submission of financial results by limited liability companies with the Board of Trade Registry of Companies. One of the firms, Leadprint had, in any case, done this previously. However, an examination of Leadprint's figures at Companies House revealed that figures previously submitted by the entrepreneur to the Kingston Polytechnic Management Research Society had been wholly inaccurate, the entrepreneur having exaggerated the firm's profit goal attainment.

Eventually, with the exception of Leadprint, Modern Offset and Instrument Electronics, all financial data were recruited via Companies House, i.e., the Board of Trade Registry of Companies.

of co-operation, was the case of Sinclair at G.S. Gridley and Company Limited. A request for access to middle management during the initial months of the project was declined with resulting detrimental effects for the author's personal relationship with the entrepreneur. However, during the final stages of the project, Sinclair asked the author to interview the firm's middle managers "as a personal favour," and to report on his impressions.

A further obstruction towards research in one firm was a takeover. Printed Cartons and Company Limited, though very much under the influence of the Nicholson family was a public company with a fairly dispersed equity. When the firm was taken-over by another public company, the entrepreneur, Kenneth Nicholson, appeared sensitive about his loss of independence (he always referred to the take-over as a "merger") and, though diplomatic at all times, often pleaded pressure of work as a reason for not granting subsequent visits.

In addition, a close personal relationship, which developed between the author and Morris Taylor, led to difficulties in raising issues on which the entrepreneur appeared sensitive. In addition, the development of mutual social experiences and friendships armed the respondent with a vocabulary of conversation topics possessing potential for steering away from sensitive issues.

3.5. GROUNDING THEORY IN ACTION

The current research used a grounded theory approach harnessing the integral strategies of analytic induction and comparative analysis.

The constant interplay between data and theory, which the grounded theory strategy of analytic induction involves, was maintained throughout the research (see Fig.1). During the initial stages of the research, this procedure was adopted independently in the case of each of the eight main-sample firms. However, as the research proceeded, a process of horizontal or compar-

active interaction began between research data collected from each of the respective firms. At this stage, the interaction between theory and data was continued in respect of the aggregated data adopting the combined strategies of analytic induction and comparative method (see Fig.2).

Thus, the research approach used throughout the current work was analogous to a 'fishnet' approach rather than the more traditional 'bucket' and 'spot-light' approaches elaborated by Popper.²⁵ The author moved around in the research field using a net of theories and concepts designed to facilitate the collection of data and data-theory interaction.

Thus, the above process was conducted both at a micro level (within each firm) and at a more macro level (between firms). In the latter context, the results of the data-theory interaction process in the respective firms were compared and contrasted in order to appraise their common overall usefulness in a manner indicated in Figures 1 and 2.

The result of the above strategy - the generation of ideal types - is consistent with what Starbuck has termed the 'norm-descriptive' model. In distinguishing norm-descriptive from case-descriptive models, Starbuck²⁶ has defined the latter as follows:

"Descriptive models are constructed for the purpose of describing and analyzing their referent situations. The model-builder frequently does not pose specific questions before constructing his model; or if he does pose questions beforehand, these questions have little ethical content. As a result, the builder of descriptive models is relatively unconstrained in his selection of characteristics of the referent situation to be included in the model, and has no clear criterion for the accuracy with which these characteristics should be represented."

The case-descriptive model, with which Starbuck has been principally concerned, directs itself usually towards one specific sample of un-aggregated data, and does not have as a goal, the development of abstractions and ideal types. The norm-descriptive model, however, has as its goal the development of generalizations and abstractions. The present project therefore, based on a comparative and analytic induction approach, fits Starbuck's

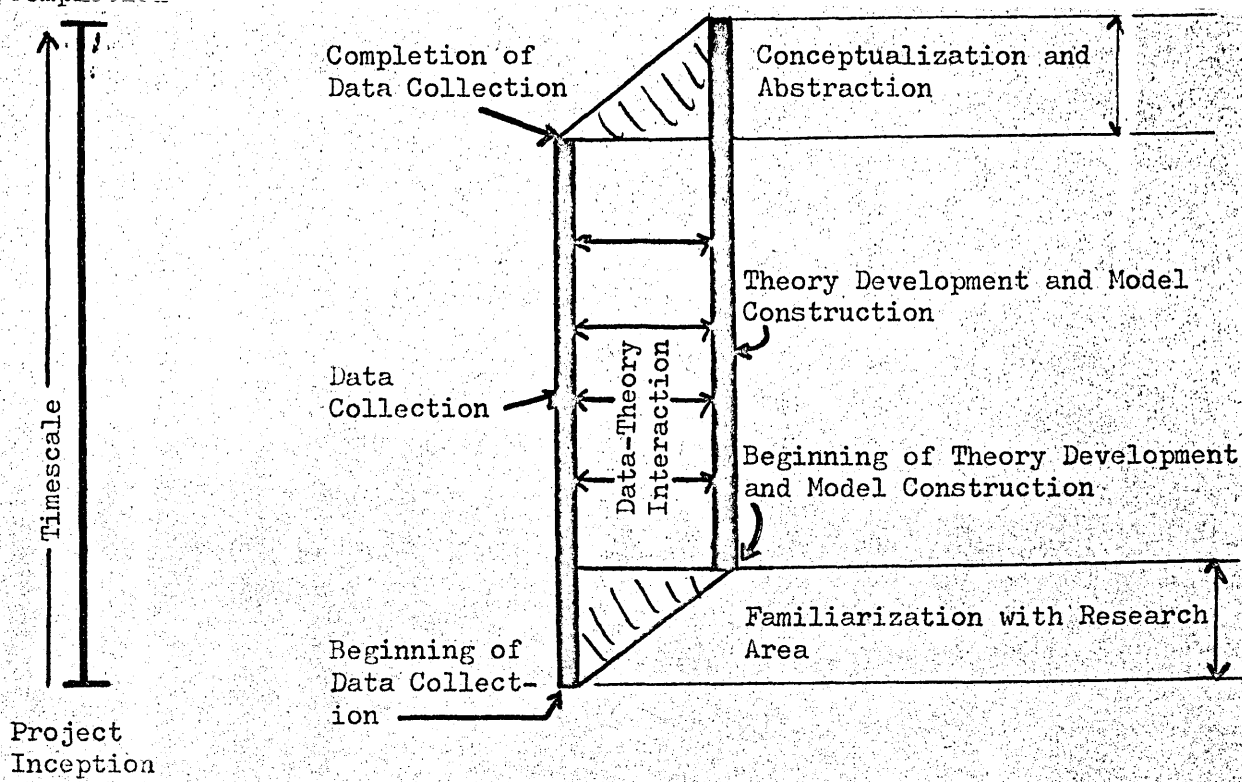


FIG 1 : GROUNDED THEORY APPROACH

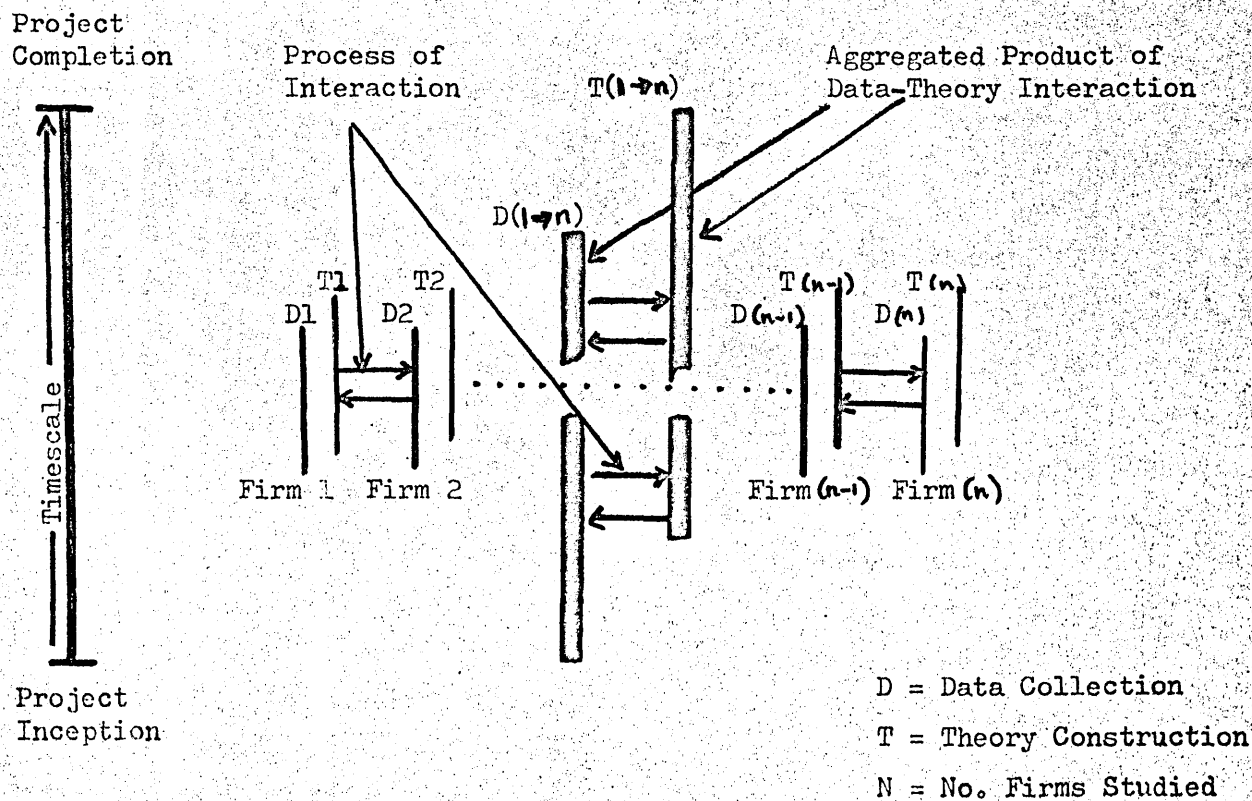


FIG 2 : GROUNDED THEORY APPROACH USING ANALYTIC INDUCTION
AND COMPARATIVE METHOD

definition of a norm-descriptive approach to the development of a research model.

3.6. DATA-THEORY INTERACTION : THE GENERATION OF GROUNDED HYPOTHESES

Using a grounded theory approach, hypotheses were generated in the following areas:

(i) Entrepreneurial Goals

An inspection of statements made by entrepreneurs during initial structured interviews indicated the existence of a series of individually determined (entrepreneurial) goals as opposed to the single goal of economic rewards predicted in classical economic theory (for a detailed example of the sort of statements made by entrepreneurs about their goals before a questionnaire was developed, see the James Stanley Limited case-study Appendix pp 406-7). These goals were identified and later operationalised by presenting entrepreneurs with a scale for positioning the respective goals in order to indicate the relative values attaching to them (see Appendix 1. Q.4 (i)).

A subsequent inspection of data revealed an uneven evaluation of respective entrepreneurial goals by the respective entrepreneurs concerned. Differences in the entrepreneurial goal-sets to which entrepreneurs claimed adherence appeared not to be randomly distributed, but, rather, to be clustered. At this stage, in order to facilitate a more detailed empirical investigation of entrepreneurial goals, ideal entrepreneurial role types were developed, in accordance with the data, each role possessing a fairly distinct identity, and being strongly associated with specific entrepreneurial goals.

The ideal entrepreneurial role types developed, and their principal associated entrepreneurial goals, were as follows:

- (1) Artisan Role: entrepreneurial role defined as being oriented primarily towards the attainment of role gratifications based upon intrinsic job satisfactions (interpreted in terms of the entrepreneurial goals of independence; finding an outlet for personal abilities; being able to select working colleagues, and the status associated with being self-employed).

- (2) Classical Entrepreneurial Role: entrepreneurial role defined as being oriented primarily towards the attainment of role gratifications based upon the maximization of economic rewards, (interpreted in terms of the entrepreneurial goal of economic rewards accruing to the entrepreneur).
- (3) Managerial Role: entrepreneurial role defined as being oriented towards the attainment of role gratifications based upon extrinsic job satisfactions (interpreted in terms of the entrepreneurial goals of recognition in the field of management; leaving something to the son/s, and security).

At this stage in the research, ideal entrepreneurial types had been generated out of the data in order to distinguish between the main bodies of entrepreneurial goals, but additional variables appeared to be required in order to explain why entrepreneurs approximated in real life situations, to these ideal types. Further, it remained to be explained why movements between ideal types and their associated entrepreneurial goals occurred over time.

Historical data were collected to investigate the goals which entrepreneurs had valued at previous stages in their entrepreneurial careers, particularly at the time of entry into entrepreneurship. An examination of this data indicated a trend towards a movement over time between ideal types as positioned on an Artisan/Classical-Entrepreneur/Manager continuum. Further, structured interviews revealed that entrepreneurs in fact valued goals which they had omitted to state on the goal questionnaire, and currently omitted to state goals which they had valued previously in their entrepreneurial careers. In the former case, it appeared that entrepreneurs claimed goals structured by their definition of the possibilities of goal attainment (e.g. the owner of a very small firm struggling for survival appeared unlikely to claim 'security' or 'management recognition' as goals though he might value their attainment). In the latter case, (above), in accordance with the definition of a goal as a future state of affairs to which the individual aspires, it appeared that a goal already attained was likely to be valued less highly than it had been prior to its partial or total attainment.

At this stage in the research, the investigator contrasted the sit-

ulation described above with the theoretical framework used by Maslow in formulating his theory on the 'Hierarchy of Human Needs'.²⁷ The principal postulates of Maslow's hierarchy are that man has an insatiable nature (is a 'wanting being'), and that a need satisfied loses its powers as a motivating force and is then replaced by a "higher" need. Whilst Maslow can be criticised for limiting his outlook essentially to a psychological definition of man's needs and over-looking socially and culturally defined needs, his model was seen as offering a useful heuristic approach for an investigation of patterns of interaction between the individual and his environment with its culturally determined elements.

This model was used in directing subsequent empirical investigation. The ideal entrepreneurial role types and associated entrepreneurial goals were hypothesized as being situated in a hierarchy in relation to each other, with the goals associated with the 'Artisan' role situated at the foot of the hierarchy, and those associated with the 'Manager' role situated at the top.

The terms 'latent', 'emergent', and 'manifest', were adopted to represent goals valued but unstated; valued and emerging, and valued and stated respectively. Goals attained and unstated were, again, termed latent but 'latent-attained' as opposed to 'latent-potential'.

Hypotheses

The above account of empirical research and its relations with theory were seen as suggesting three useful hypotheses:

- (1) Entrepreneurs will value and actively pursue individually determined goals in addition to those structurally assigned by the functions of entrepreneurship, i.e., the optimal attainment of organizational objectives synonymous with profit maximization.
- (2) Entrepreneurial goal-sets will, in real life situations, approximate to those of the three ideal types described above, each being separately distinguishable in being related to a different definition of entrepreneurial role.

(3) The entrepreneurial goals specified in the research project will be situated on three levels in a hierarchical relationship corresponding to the three ideal entrepreneurial role types. Individual goals will be valued in accordance with (a), the entrepreneur's perceptions of the probability of attainment and (b), the entrepreneur's perceptions of goal attainment in the past. The goals at a given level will not become highly valued until some or all of the goals at a lower level have been attained at a level satisfactory to the entrepreneur.

(ii) Organizational Goals

During initial meetings with entrepreneurs, the author's questions on organizational goals were almost invariably met with statements relating to profit, (that's what we're here for"), and the dependence of the organization's survival upon the organization's ability to generate profits ("without profits we're out of business"). However, at an early stage in the research, the author began to use a scale for the expression of organizational goals similar to that used in an attempt to evaluate entrepreneurial goals (see Appendix 1. 0.5 (i)), and added two further possible goals in addition to profit: those of (1) providing the market with goods and services, and (2) providing employment for employees.

The latter appeared to constitute a part of the system of values which entrepreneurs use to justify their position in society, rather than organizational goals as such. Nonetheless, the latter were sometimes claimed by entrepreneurs to have value as organizational goals, though relatively small compared with the value attached to the organizational goal of profit. However, statements made in justification for claiming these as organizational goals, led the author to develop the research further in an attempt to explain them. For instance, the goal of providing employment for employees was sometimes claimed to be valued but by entrepreneurs who claimed not to be motivated by feelings of social responsibility towards society. Further, this goal was claimed to apply only to workers already in employment in the firms concerned. A further questionnaire designed to investigate the dependence of

the local labour market upon the firm for the provision of employment, (See Appendix 1, Q.12 (ii)) usually revealed a very low level of dependence and, in fact, practically all of the firms studied experienced difficulty in recruiting a full workforce (most of them were short-handed). A similar situation arose in the case of the claimed organizational goals of providing the market with goods and services.

An examination of the statements made by entrepreneurs in justifying their claims of adherence to the above organizational goals (even at a relatively low level), indicated that adherence was based not upon an accurate assessment of the goals in question to represent purposes for which the firms came into existence (or continued to exist), but upon a recognition of the functioning of these 'goals' as structurally imposed constraints acting upon management action. In this context, Nichols, in his study of business ideology, found that actions claimed to have been based on motives consistent with an ideology of 'Social Responsibility', were, in fact, structured by self-interest.

In turn, the author's own observations were seen as having implications for entrepreneurial ideology. Some of the statements made by entrepreneurs were not consistent with an ideology of 'Social Responsibility' or the traditional entrepreneurial ideology of 'Laissez-Faire'. In fact, they were consistent with a business ideology termed by Nichols,²⁸ "Long-Term-Company-Interest" (LTCI):

Resulting from this examination of the data, the researcher attempted to investigate the business ideology of the entrepreneur and the employee-manager in the small firm, and to compare the results with Nichols's investigation amongst essentially large-firm professional managers.

(iii) Relationships Between Organizational and Entrepreneurial Goals

In order to establish an empirical basis for the generation of hypotheses from the relationship between organizational and entrepreneurial goals,

the various entrepreneurial goals were aggregated under a heading, "providing employment for the owner/s," and offered as a fourth organizational goal on the organizational goal questionnaire (See Appendix 1. Q.5 (ii)).

Due to the nature of the method used to attach values to goals, no extravagant claims towards quantitative precision can be made for the results. However, three specific relationships between the principal organizational goal of profit and the goal of "providing employment for the owner/s" were distinguished, each corresponding to an ideal entrepreneurial role type. The situation where the aggregated entrepreneurial goal of employment for the owner/s was valued above the organizational goal of profit, corresponded to the embracement of the "Artisan" ideal type role. The situation in which both were valued essentially equal, corresponded with the "Classical Entrepreneur" ideal type and, finally, the situation in which employment for the owner/s was subordinated to the profit goal corresponded with the "Managerial" ideal type role.

In view of the above relationship between entrepreneurial and organizational goals, the entrepreneur was viewed throughout the remaining stages of the research as operating in a situation of conflict. This was structured by the requirements of attainment of his self-identity, on the one hand, and the constraints imposed by organizational goals on the other.

In accordance with the interactionist interpretation of role, the individual was seen as having some independence in the definition of his role. By introducing the notions of role discretion, entrepreneurial self-identity, and expectations, the structuralist approach to role theory, i.e., that of role-taking,²⁹ was modified to facilitate a process of role-making.³⁰ From the standpoint that a resulting compromise working relationship between two sets of goals may present the individual with a single role perception, the resulting set of obligations and expectations was seen as constituting a single ideal type role.

In accordance with this situation, a hypothesis was generated based on the relationship between entrepreneurial goals and organizational goals which characterized each of the ideal entrepreneurial role types:

Hypothesis: The close dependent relationship between the firm's growth and profitability, on the one hand, and the entrepreneurial goals which growth structures as realistic in their attainment, on the other, will lead to a separate and distinct entrepreneurial-organizational goal relationship in respect of each of the 3 hypothesized ideal entrepreneurial role types.

At this stage, a further hypothesis was generated in the light of the observations on the factors considered by entrepreneurs in determining future acceptable levels of profitability:

Hypothesis: the entrepreneur will define as an acceptable level of organizational profit that which represents an increase over profits earned in the past. The requirements of this institutionalisation of an objective of increasing profits will involve an increasing alignment between entrepreneurial goals with the requirements of profit goal achievement. Hence, the discretion of the entrepreneur in defining his role will decrease with increase in organizational profits.

This latter hypothesized situation is strictly at variance with the relationship existing between managerial discretion and profitability hypothesized by current writers of the managerial-economists' school.

(iv) Relations with the Environment

Throughout the initial months of the research project, the author accumulated data on aspects of organizational functioning which appeared to have important consequences for organizational goal attainment.

The research work carried out previously, in the School of Management at Kingston Polytechnic, had pointed to the importance for small organizations of relations with the environment. Initial research results appeared to further substantiate the dependence of goal attainment upon the establish-

ment of structurally preferred relations with the environment and, as a result, attempts were made to sub-divide the environment into its functionally important elements. Several combinations of elemental sub-environments were devised over a period of time, and attempts made to test them for goodness of fit with the requirements of organizational goal attainment. In particular, case-study results were examined in a search for aspects of the small firms relations with the environment which appeared to have (a) important positive consequences where the relationship was favourable, and/or (b) important negative consequences where the relationship was unfavourable.

The sub-environments developed initially, had all existed beyond the physical bounds of the firm, until one of the case-study firms, Control Engineering Limited, had failed to survive, apparently for reasons which would probably not have been predicted by the model developed at that time. Interviews with managers in the firm revealed a consensus of opinion that the marked absence of financial and production control techniques within the firm, had been largely responsible for the firm's failure to survive. An interview with a management consultant, who had previously been commissioned to work in the firm (and whose recommendations for the installation of financial and production control techniques had been ignored), added weight to the evidence indicating the importance of the attainment of efficiency in the firm's internal environment.

The above situation, and the growing weight of evidence tending to isolate the entrepreneur in the small firm as a dominant decision-maker, often delegating only a minimum of authority to employee-managers, indicated the potential usefulness of the adoption of the notion of 'entrepreneurial environment' rather than organizational environment. The 'entrepreneurial environment' was seen as embracing both the internal and external environments of the firm as opposed to seeing the firm entirely as a "whole" with the entrepreneur acting merely as an intermediary between the firm and the external environment. This theoretical framework for a consideration of the firm's

derstanding of the small firm.

The sub-environments developed were as follows:

- (1) Labour sub-environment
- (2) Market sub-environment
- (3) Technical sub-environment
- (4) Knowledge sub-environment
- (5) External-Aids sub-environment
- (6) Workforce Efficiency sub-environment

At this stage, two hypotheses were generated:

- (1) There will be a positive correlation between the degree of control over the environment which an entrepreneur achieves and the extent of the firm's attainment of the organizational goal of profit.
- (2) In accordance with the hypothesized relationship between ideal entrepreneurial role types and the organizational goal of profit, entrepreneurs approximating to the "classical-entrepreneur" and "manager" ideal types will achieve a higher degree of control over their environment than entrepreneurs approximating to the "artisan" ideal type of entrepreneurial role.

Data on the knowledge sub-environment were collected by the use of a series of questions - ten relevant to each of the other five sub-environments.

In addition, the notions of "manifest" and "latent" environments were introduced as expressions of the entrepreneurs' perception of the environment (manifest environment), and the environment as it exists objectively (latent environment). The entrepreneurs' accuracy of perception of the environment was correlated with entrepreneurial ideal types.

(v) Decision-Making and Leadership Style

The nature and style of entrepreneurial decision-making were seen as constituting the essential link between the entrepreneur and the entrepren-

content of decision-making was examined in order to furnish factual evidence on the nature of the relationship between entrepreneurial and organizational goals in addition to data gained as a result of interviews. Also, the nature and style of leadership were seen as being potentially related to the attainment of entrepreneurial goals oriented towards intrinsic job satisfactions. It was hypothesized that the high perceived contribution opportunity associated with an autocratic leadership style would be seen as involving partial attainment of the entrepreneurial goals of independence and finding an outlet for personal abilities.

(vi) The Entrepreneurs' Social Marginality

The lure of self-employment, the desire to "be your own boss," has been widely recorded in the social science annals.³¹ However, Goldthorpe et al reported that a large proportion of their sample of manual workers had thought about going into business for themselves, but the number who actually embarked upon the path towards entrepreneurship was relatively small. Thus, it appears unlikely that this latter small minority, in all probability aware of the risks associated with business, will be randomly drawn from the working population as a whole. This observation, reinforced by initial research results, led to the development of a hypothesis that first generation entry into entrepreneurship is likely to be structured by experiences of social marginality.

The term 'social marginality' is used here to refer to a situation of incongruence existing between the goals, values and attributes which the individual brings to his situation (his self-defined latent social identity) and those to which he finds himself subjected by those with whom he interacts.

Thus, it was hypothesized that first generation entrepreneurs would enter into entrepreneurship as a solution to their experiences of marginality. Initial research results indicated that the goals of second gener-

ation entrepreneurs, at the time of their entry into entrepreneurship, were different from those of first generation entrepreneurs. This situation was seen as being structured by the different meaning which entrepreneurship had for them - that the workplace should constitute an area of marginality free relationships was non-problematical. However, they did appear to experience feelings of marginality vis-a-vis large firms and modern bureaucratic institutions as a whole. For instance, Kenneth Nicholson, though Managing Director of the largest firm studied (a public company at that), said, "..... they (big businessmen) think of us as the peasants."

Thus, it was hypothesized that the above ideal type entrepreneurial roles (each based upon a self-defined latent social identity) would be pursued, each in turn, as a strategy for a solution to marginality in a different area of the entrepreneurial environment.

It was hypothesized that the "Artisan" role would be adopted as a solution to marginality in the workplace; the "Classical Entrepreneur" role as a solution to marginality in the community, and the "Manager" role as a solution to marginality vis-a-vis the wider modern-day bureaucratic society.

The Kingston-upon-Thames Area, as defined by the Ministry of Technology, comprised the following postal districts:

Kingston	Sutton
Surbiton	Morden
Chertsey	Wimbledon
Weybridge	Putney
Walton-upon-Thames	New Malden
Esher	Molesey
Chessington	

Standard Industrial Classification Orders

A Standard Industrial Classification was first issued in 1948 by the Ministry of Labour to promote uniformity and comparability of official statistics. The classification is based upon industries rather than occupations, and consists of 152 Minimum List Headings grouped into 24 Industrial Orders.

The Ministry of Labour categorization of industrial establishments in the Kingston Area, as obtained via the Kingston Area Ministry of Technology Industrial Liaison Centre, was available for the 17 Industrial Orders serviced by the Centre and used for Census of Production Statistics:

- I Agriculture, Forestry and Fishing.
- II Mining and Quarrying.
- III Food, Drink and Tobacco.
- IV Chemicals and Allied Industries.
- V Metal Manufacture.
- VI Engineering and Electrical Goods.
- VII Shipbuilding and Marine Engineering.
- VIII Vehicles.
- IX Metal Goods not elsewhere specified.
- X Textiles.
- XI Leather, Leather Goods and Fur.
- XII Clothing and Footwear.
- XIII Brick, Pottery, Glass, Cement, etc.
- XIV Timber, Furniture, etc.
- XV Paper, Printing and Publishing.
- XVI Other Manufacturing Industries.
- XVII Construction.

of Technology Industrial Liaison Centre files, and from Census of Production

Statistics are :

- XVII Gas, Electricity and Water.
- XIX Transport and Communication.
- XX Distributive Trades.
- XXI Insurance, Banking and Finance.
- XXII Professional and Scientific Services.
- XXIII Miscellaneous Services.
- XXIV Public Administration and Defence.

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The emphasis is upon generating generalizations of universal rather than frequent applicability. The fundamental premise is that the cause of a phenomenon is that complex of conditions in the presence of which it occurs and without which it never occurs.

In the present research, hypotheses were initially grounded, and then modified continually in the light of fresh data in order that the new facts fall under it. Thus, the generalizations resulting from the research are not statistically validated but analytically validated universals. Universals generated in the physical sciences have later been shown in some cases to be special cases of more general universals. For instance, the theory of relativity includes all of Newtonian physics as a special case. Likewise, if subsequent research in the field of small firms provides decisive negative evidence, the findings of the current project will constitute a case of a more general set of universals.

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In these terms, the actor takes over a relatively fixed and pre-determined role whose obligations are consistent with the expectations of the "other" (the actor's interactants). Thus, the role can be seen as being externally validated. On a point of clarification, Turner ("Human Behaviour and Social Processes: An Interactionist Approach", (Ed.) Rose, A: 1962) has said that external validation of a role "is based upon ascertaining whether the behaviour is judged to constitute a role by others whose judgements are felt to have some claim to correctness or legitimacy", (p.30)

30. Rose ("Human Behaviour and Social Processes: An Interactionist Approach": 1962) has said: "the individual has parts of himself which are reflections of his relationships with others, and which others can take the role of and predict fairly accurately how the individual is going to behave in the relationship. There is yet another part of the individual - his self-conception - the attributes of which may be, in part, assigned by the individual to himself and which are not necessarily expected in the culture. This personal self-conception may be conformist as well as deviant" (p.12)

In an article in the same publication, Turner has said: "Roles exist in varying degrees of concreteness and consistency" He continues: ".... in attempting from time to time to make aspects of the role explicit he is creating and modifying roles as well as merely bringing them to light; the process is not only role-taking but role-making", (p.22)

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- 4.0 HISTORY AND STRUCTURE OF THE PRINTING INDUSTRY
- 4.1 BRIEF DESCRIPTION OF THE INDUSTRY
- 4.2 BACKGROUND HISTORY OF THE INDUSTRY
- 4.3 PRESENT-DAY STRUCTURE OF THE INDUSTRY

4.1

BRIEF DESCRIPTION OF THE INDUSTRY

Along with other industries such as textiles, coal and steel, etc., the printing industry is one of Britain's traditional industries with a history dating back to the fifteenth century. Steinberg, in his book, "Five Hundred Years of Printing",¹ has commented on the historical importance of the printing industry as both a cultural and an economic entity as follows:

"The history of printing is an integral part of the general history of civilization. The principal vehicle for the conveyance of ideas during the past five hundred years, printing touches upon, and often penetrates, almost every sphere of human activity. Neither political, constitutional, ecclesiastical, and economic events, nor sociological, philosophical, and literary movements can be fully understood without taking into account the influence which the printing press has exerted upon them. As a business proposition the printing trade has its share in the economic development of all other branches of industry and commerce".

In many spheres of human practice and social relationships, the influence of history upon current day practices and attitudes is substantial. In the industrial field, this is manifest particularly in the traditional industries and almost certainly in the printing industry as much as any other. Delafons² has made this point in his book on the printing industry:

"Tradition has greater influence in the printing industry than, probably, in any other. The demarcation lines, those invisible but highly effective barriers between the skilled trades of the printing works' labour force, are almost exactly what they were three or four centuries ago".

The printing industry has sectors involved in general jobbing printing, newspaper and periodical production, bookbinding, engraving, the production of cartons and packing cases, stationery, greeting cards and printed books respectively. In 1965, the total sales of the printing industry exceeded £700 million and represented 2.4 per cent of the Gross Domestic Product, and almost 8 per cent of the total output of all manufacturing industry.

An economic study group³ of the British Federation of Master Printers, which reported in 1965, forecast an annual rate of growth for the industry of 3.3 per cent between 1965 and 1970 compared with 3.5 per cent predicted for national growth. However, the 1969 Annual Abstract of Statistics⁴ showed that the growth rate for the printing industry was in excess of that for the economy

for the printing industry rose from a base-line of 100 in 1958 to 144.9 in 1967, compared with a rise to 133.3 for the industry as a whole.

4.2

BACKGROUND HISTORY OF THE PRINTING INDUSTRY

The printing press was first introduced to England by William Caxton in the fifteenth century. In 1471, Caxton left England for Cologne, where he learned printing, and set up his own press on returning to England in 1476.

The forerunner of the printing press was the artistic mediaeval manuscript. Craftsmen had operated for this purpose in small workshops, comprising usually a Master Printer and one or more Journeymen and Apprentices organized into Craft Guilds.

Until the eighteenth century, the printing industry was concentrated largely in the London area and was licensed and controlled by the Stationers' Company - the successor of the medieval guild of producers of manuscript books. The Stationers' Company was in some measure concerned with the interests of employee journeymen, but was essentially an organization controlled by employer printers. Whilst workmen were admitted, they had no voice in controlling the body, or in the formulation of its regulations. Musson, in his history of "The Typographical Association"⁵ has referred both to the oligarchical control of this organization by master printers and the development of characteristically proletarian grievances amongst journeymen:

"The Stationers' Company, like other craft guilds, comprised both employers and employed, masters as well as journeymen and apprentices, but it was not long before a gulf developed between them. The restriction of the number of printers, the granting of patents, and the evolution of guild government tended to place power in the hands of a small oligarchy of master printers and to create a body of permanent wage-earners. Already, in the sixteenth century, there existed a class of life-long journeymen, who, together with the smaller masters, formed the "Yeomanry", with outlook and interests different from and often opposed to the wealthier masters in the "Livery", from amongst whom were chosen the Master, Wardens, and Court of Assistants who governed the Company. At an early date they developed proletarian grievances, strikingly similar to those of the later trade unions - against unemployment, excessive numbers of apprentices, "turnovers", "foreigners" (those entering the industry without first completing a 7-year apprenticeship), and low wages - and frequently co-operated to present their complaints to the Stationers' Court".

mediaeval basis. Printing establishments were still typically very small, usually comprising only a working master printer and one or two employee journeymen and apprentices.

The formation of printing firms outside the London area during the eighteenth century began to reduce the effectiveness of the Stationers' Company as a licensing and controlling body, and undermined the security which printers had enjoyed formerly. This situation, and the rapid increase in food prices resulting from the prolonged war with France, caused hardship among workers, and led to trade societies becoming increasingly concerned with collective adjustment of wages rather than functioning solely as sick or benefit societies. In 1799, the Government, alarmed at the spread of revolutionary political doctrines, passed the Combination Acts, which effectively made journeymen's trade societies illegal.

A development during the eighteenth century, which was to influence the subsequent structure of the industry was the influx of entrepreneurial skills into the industry. Businessmen - capitalists with a perception of the profit potential of technical developments in the industry - became increasingly active within the industry. A notable example was John Walter, like Caxton a former merchant, who went into printing to exploit the already patented logotype and, using it, founded the forerunner of "The Times" in 1785.

The rate of technical advance in the nineteenth century was greater than at any time preceeding it. It witnessed the introduction of the power driven press, ink distribution by rollers, and an automatic frisket and tympan working in sequence with moving formes on the press bed. In 1818, Cowper and Applegarth patented a perfecting cylindrical press which printed both sides of a sheet in a single operation. The true stop-cylinder, the Wharfedale, came into use later in the 1830's, and is still used to-day. American Hoe presses increased printing speeds and the Hoe and Goss companies introduced multi-unit rotaries near the end of the century to increase speeds still further.

In the early part of the nineteenth century, the London printing workers began to organize themselves for the purpose of collective bargaining. There

these appeared to have taken the form of responses to the employers' threats to increase the numbers of apprentices employed in the industry, rather than being in aid of workers' requests for higher payment. The 1799 Combination Acts, which made the formation of trade unions illegal under sufferance of severe legal penalties, were repealed in 1824, and, by 1830, the first national union - the Northern Typographical Union - was formed.

Employers' organizations were formed much later. Before 1880 there were very few attempts to establish any form of formal organization. Employers sometimes came together when their common interests were structured by a dispute, but almost always dispersed soon afterwards.

The London Master Printers' Association dissolved in 1870 but reformed again in 1890 and, in 1901, the Federation of Master Printers came into existence, largely in response to the growing influence and national orientation of the printing unions.

The process of organization on both sides of the industry continued up until the end of the nineteenth century and into the twentieth century. By the middle of the twentieth century over 600,000 workers were employed in the industry, and approximately 60 per cent of them were members of trade unions. The printing employers were equally well organized. The Cameron Report⁶ on the industry in 1967 claimed that about 4,000 firms of a total of 6,000 for the country were members of the British Federation of Master Printers alone.

4.3 PRESENT-DAY STRUCTURE OF THE PRINTING INDUSTRY

The British printing industry is one of the largest industries in Britain and the largest printing industry in Western Europe.⁷ The large majority of printing firms in Britain, as elsewhere in Western Europe, are small to the extent that small firms are characteristic of the industry. The British Federation of Master Printers in its 1965 "Economic Study of the Printing Industry", defined a small firm in the context of the printing industry as being one which employs not more than 25 personnel. In fact, when the British Federation of

Inquiry on Small Firms" in January 1970, this point was emphasized:

".... although for the purpose of this inquiry firms in the industry with less than 200 employees are being considered small, it is normal for firms towards the top end of this bracket to be considered as medium to large firms".⁸

The 1963 Census of Production shows that over two-thirds of printing firms in fact employ less than 25 personnel:

STRUCTURE OF THE BRITISH PRINTING INDUSTRY, 1963 ⁹			
SIZE (No. Employees)	NUMBER OF ESTABLISHMENTS	NET OUTPUT (£M's)	TOTAL EMPLOYMENT (000's)
1 - 10	4,363	69.9	22.6
11 - 24	2,262		37.5
25 - 49	996	42.5	36.3
50 - 99	872	76.6	61.0
100 - 199	583	106.8	81.5
200 - 499	421	193.9	130.7
500 - 749	79	72.6	48.3
750 - 1,499	79	137.9	84.1
1,500 +	27	130.9	70.5
Satisfactory returns	<u>9,682</u>	<u>831.3*</u>	<u>572.6*</u>
Unsatisfactory returns	589	14.5	11.3
TOTAL	<u>10,271</u>	<u>845.8</u>	<u>583.9</u>

(* these figures do not correspond exactly with those above them due to rounding)

Excluding unsatisfactory returns, the following figures have been derived from the Census returns:

	SIZE DISTRIBUTION OF ESTABLISHMENTS	NET OUTPUT (£M's)	TOTAL EMPLOYMENT (000's)
Firms employing under 25	68.57% (6,625)	8.41% (69.9)	10.49% (60.1)
Firms employing under 200	93.75% (9,076)	35.58% (295.8)	41.73% (238.9)
Firms employing 200 and over	6.25% (606)	64.42% (535.5)	58.28% (333.7)

Thus, using the British Federation of Master Printers' definition of a small firm as one employing less than 25 personnel, small firms can be seen to constitute the majority of firms in the industry overall but they account for no more than approximately 10 per cent of net output and total employment. On the other hand, the author's definition of the small firm as one employing up to 200 personnel embraces over 90 per cent of firms in the industry accounting for approximately 36 per cent of net output and 42 per cent of employment.

Thus, whilst the British Federation of Master Printers' definition of the small firm can be seen to have merit in stressing the identity of the printing industry as a small firm industry, the author's more embracing definition (and that of the Bolton Committee too) may be seen as presenting a stronger case for the value of research into small firms.

A more recent assessment of the total workforce size of the printing industry has claimed a total number of employees of 640,000 which constitutes over 7 per cent of the total manufacturing industry workforce (based on Standard Industrial Classification Orders III to XVI inclusive);¹⁰

	MALE	FEMALE (000's)	TOTAL
<u>Total working population in U.K.</u>	16.679	9,146	25,825
<u>Total employees in employment (excluding H.M. Forces, Women's Services, those registered wholly unemployed, total in civil employment and employers and self-employed persons)</u>	14,445	8,680	23,125
<u>Total workforce employed in Production Industries (Standard Industrial Classification Orders I to XVII inclusive)</u>	-	-	11,254
<u>Total workforce employed in Manufacturing Industry (Industrial Standard Classification Orders III to XVI inclusive)</u>	-	-	8,790
<u>Total workforce employed in Printing Industry</u>	423.3	216.5	639.8

The distribution of the printing industry workforce over the respective sectors of the industry is as follows:

NUMBERS EMPLOYED IN PAPER, PRINTING AND PUBLISHING BY SECTOR ¹¹			
	MALE	FEMALE	TOTAL (000's)
<u>Paper, Printing and Publishing</u>	423.3	216.5	639.8
Paper and board	74.7	18.4	93.1
Cardboard boxes, cartons, etc.	34.3	29.8	64.1
Other manufacturers of paper and board	40.3	34.8	75.1
Printing, publishing of newspapers, etc.	109.0	35.1	144.1
Other printing, publishing, bookbinding, etc.	165.0	98.4	263.4

The 1963 Census of Production claimed satisfactory returns from 9,682 printing establishments of which 9,076 employed less than 200 personnel. However, the jobbing sector of the industry, i.e. essentially the Standard Industrial Classification XV sub-category "General Printing, Publishing, Bookbinding Engraving, etc." accounted for 7,219 of the total satisfactory returns of the total "Paper, Printing and Publishing" industry. Further, 7,041 of these

Thus, it appears that the principal role of the small firm in the printing industry is that of production jobbing products, for it is here that the small firm's advantages over the large firm appear to be most pronounced. It is in this sector of the industry that capital requirements permit the small entrepreneur without substantial financial resources to enter the industry and function essentially unchallenged by the larger firms. The British Federation of Master Printers, in its evidence to the Bolton Committee, has claimed:¹²

"Entry into the industry is certainly relatively simple. A small press can be obtained cheaply, and can be operated in an area not much larger than a normal garage. This means that it is possible for an individual to build up a small business on a part-time basis until it is large enough to occupy him full-time, which ensures that there are plenty of firms entering the industry at the bottom end of the size scale".

In addition, the report states that the benefits of scale which favour large firms are essentially absent from large sectors of the industry:

".... the printing industry is not one which lends itself easily to the techniques of mass production. These depend essentially upon the ability to standardise products and to deliver into finished stock in order to operate as near to optimum capacity as possible, despite short-term variations in demand. It also depends upon mass markets. These elements are missing from large sectors of the printing industry and, without them, intensive labour specialization which is the main tool of mass production, tends to reduce rather than increase operating efficiency".

Further, the report claims internal flexibility as a main advantage of the small firm:

"A major advantage for the small firm is that senior management is much close to the problems of the business. Most important, the individual controlling the business is closer to his customers. At the lower end of the size range he will know them personally, as he will probably be one of the company's most important salesmen. This is especially important in printing because of the bespoke nature of the products. He should know which firms place the highest priorities on delivery dates, price or quality and he can re-organize his factory loading and his pricing policy to take this into account. The longer the chain of communication between the customer and senior management, the more difficult and less certain this operation becomes.

"Management in small firms is also much close to the shop floor and, therefore, likely to get a higher degree of flexibility from its labour force than the larger companies. This is particularly important in an industry where the flow of work is highly volatile".

thus, it appears that the small firm in the printing industry is ideally suited to occupying the role of supplier of the small orders which the higher overhead costs and lower degree of internal flexibility of the large firms cannot justify. Small jobbing orders, required at short notice and often never to be repeated in identical form, are unlikely to interest the large firm. The benefits of scale and staff specialization are not available here, and the impossibility of recouping the costs of a large transport fleet on a multiplicity of small orders acts to limit the custom catchment area of the jobbing printer, thus limiting the size of economically viable unit.

THE EMPLOYERS' ORGANIZATIONS

There exist three principal nationally based employers' organizations within the printing industry: The British Federation of Master Printers; The Newspaper Publishers' Association; and the Newspaper Society.

The British Federation of Master Printers (B.F.M.P.)*

This organization, in its present form, dates back to 1919, though it was founded in 1901. It draws its membership from the whole of the printing industry rather than from a single section of it. The Federation is divided into eleven regional Alliances with district associations operating within them. In addition to these alliances, the British Federation of Master Printers embraces the Master Bookbinders' Alliance, the Society of Master Printers of Scotland, the Belfast Master Printers' Association, the Irish Printing Federation, and the Irish Master Printers' Association. The British Federation of Master Printers was formerly a member of the British Employers' Confederation and is now a member of the Confederation of British Industry.

The B.F.M.P. claims a membership of almost 4,000 firms of the estimated possible catchment of around 6,000. The 2,000 firms not in membership are

* The author wishes to express his thanks to the British Federation of Master Printers for supplying data on the printing industry, and to F. J. Usher (Economic Development Officer) for reading the final draft of this chapter.

information on equipment, suppliers, trade services and specialist printers. In addition, it produces technical publications dealing with current technical developments in the industry.

The Newspaper Publishers' Association (N.P.A.)

The membership of the Newspaper Publishers' Association is drawn largely from publishers of the national daily press, concentrated in Fleet Street. It is a relatively small, wealthy and influential organization. It operates a Labour Committee which meets to discuss labour relations and negotiates directly with the Printing and Kindred Trades Federation on labour relations. The organization is not a member of the Confederation of British Industry.

The Newspaper Society (N.S.)

The Newspaper Society draws its membership essentially from the publishers of the provincial and weekly newspapers, and works in liaison with the British Federation of Master Printers particularly on industrial relations. This relationship is structured largely by the similar production methods used by members of the two organizations, most members of the Newspaper Society being jobbing printers as well as newspaper publishers. The Newspaper Society has relatively weak links with the Newspaper Publishers' Association and was formerly a member of the British Employers' Confederation, but withdrew because of conflicting policies and, like the Newspaper Publishers' Association, is not a member of the Confederation of British Industry.

Two other employers' organizations operating in areas somewhat peripheral to the larger sections of the printing industry are the Stationers' Association and The Publishers' Association. However, these bodies have relatively little influence in determining major events in the printing industry in general.

The Printing Industries' Research Association (PIRA)

Formerly called "The Printing and Allied Trades Research Association", this body carries out research on behalf of its members in the printing industry, and is financed by the Ministry of Technology and by the subscriptions of its

The organization undertakes both long-term and short-term projects. The former are sometimes specifically commissioned by member companies or otherwise carried out on behalf of the industry as a whole. Short-term projects, however, are undertaken on request and are directed towards solving problems currently experienced by member firms. In addition, it operates a materials testing service. The organization also operates an information service, providing technical and research abstracts for members.

The Institute of Printing

The Institute of Printing is a professional body formed in 1961, for people engaged in printing and, in 1966, was empowered by the Department of Education and Science to award ordinary and higher national certificates in printing.

THE PRINTING TRADE UNIONS

The British printing industry is relatively highly unionized, over fifty per cent of the industry's workforce being in membership:¹²

TRADE UNION MEMBERSHIP IN THE PRINTING INDUSTRY (000's)			
	Male	Female	Total
Total Workforce Size	423.3	216.5	639.8
Trade Union Membership	301.8	84.0	385.8

Though the industry is relatively highly unionized, and is characterized to a certain extent by the protective practices ("restrictive practices") enforced by the printing unions, the militancy of the print unions appears never to have been based upon class conflicts structured by adherence to the revolutionary doctrines of socialism. Even during the second half of the nineteenth century, their philosophy involved a complacent acceptance of the basic framework of laissez-faire capitalism and a desire only to modify those defects

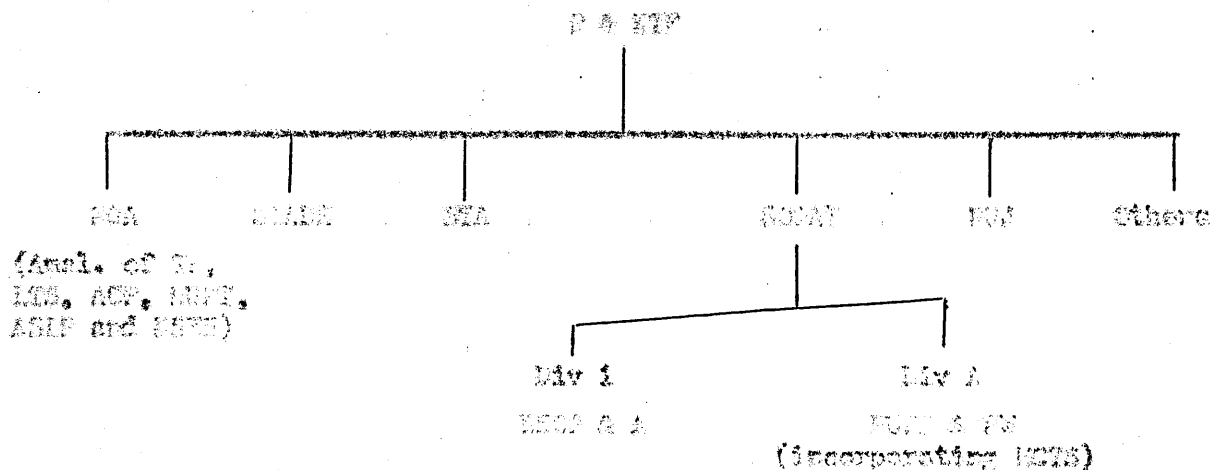
pay. Even during the inter-war years of the present century, printing trade union policy did not include demands for collective ownership of the industry. Child¹⁴ says of this period:

".... tacit agreement on the continuation of private enterprise, even more than the forms of procedure for settling disputes, reduced the element of class conflict between unions and employers".

Moreover, within this framework of acceptance of the existing social order, the printing unions have been relatively successful in securing a degree of control over their work environment as a result of their collective bargaining strength.

During recent years, there has been a tendency for the printing unions to merge and form larger units. In 1964, there were sixteen unions representing workers in the printing industry. However, by 1969, there were only ten unions, with 324,000 of the industry's 306,000 trade union membership belonging to the two largest unions, the Society of Graphic and Allied Trades (SGAT), and the National Graphical Association (NGA). A further 34,000 printing industry workers belong to the Society of Lithographic Artists, Designers and Engravers (SLADE) and the National Union of Journalists (NUJ), leaving a total membership of the remaining six unions of less than 20,000 workers.

Trade Union Structure Within The Industry¹⁵



NGA	National Graphical Association
TA	Typographical Association
LTS	London Typographical Society
ACP	Association of Correctors of the Press
NUPT	National Union of Press Telegraphists
ASLP	Amalgamated Society of Lithographic Printers
SLADE	Society of Lithographic Artists, Designers, Engravers & Process Workers
NSES	National Society of Electrotypers and Stereotypers
SOGAT	Society of Graphical & Allied Trades
NSOP & A	National Society of Operative Printers and Assistants
NUPB & PW	National Union of Printing, Bookbinding, and Paper Workers
MCTS	Monotype Casters and Typefounders Society
NUJ	National Union of Journalists
STA	Scottish Typographical Association
Others:	London Society of Music Engravers Map and Chart Engravers' Association Pattern Card Makers' Association Sign and Display Trades Union Wall Paper Workers' Union

Society of Graphic & Allied Trades (S.O.G.A.T.)*

This is a mainly semi-skilled union, and is the largest of the printing unions, claiming a membership of 229,000 of the 386,000 organized workers in the industry. It was formed in 1965, resulting from a merger of the former largest union, the National Union of Printing, Bookbinding and Paper Workers with a membership of 160,000, and the previously third largest union, the National Society of Operative Printers and Assistants (NATSOPA), with a membership of about 45,000.

National Graphical Association (N.G.A.)*

This is a craft union, and is the second largest union in the industry. It was formed in 1964, resulting from a merger of the London Typographical Society and the Typographical Association. In 1969, the National Graphical Association absorbed the Amalgamated Society of Lithographic Printers (A.S.L.P.) and now has a membership of 105,000.

This is a craft union, and is probably the most militant of the printing unions. The union has a total membership of 16,000, a considerable number of them working in the process engraving industry.

Organizations of Journalists

The National Union of Journalists has a membership of nearly 17,000, and is involved in publishing rather than printing. Another journalists' organization, the Institute of Journalists, has less of the character of a trade union about it and is essentially a semi-professional body.

Printing And Kindred Trades Federation

All of the printing trades unions are affiliated to the Printing & Kindred Trades Federation, whose essential function is to ensure unity of action amongst the printing unions. The P & KTF represents the unions on the industry's Joint Industrial Council.

THE JOINT INDUSTRIAL COUNCIL

In 1917, a conference of representatives of the printing industry employers and trade unions endorsed the principle of greater mutual co-operation for the betterment of the printing trade.

One of the most favoured ideas amongst employers was for the establishment of a permanent joint body to be concerned with the settlement of incipient trade disputes. On the other hand, one of the most favoured ideas amongst printing workers was the provision for participation in decisions on working conditions through the media of joint worker-manager plant committees similar to the war-time committees operative in the munitions industry.

* A considerable number of the members of these unions are employed in the paper, publishing, and distributive industries, whilst many SIADÉ members work in the process engraving industry. The proportions of union membership working in the general printing sector of the printing industry are:

S.O.G.A.T.	...	120,000
N.G.A.	...	65,000
S.I.A.D.E.	...	9,000

The movement towards the formation of a joint committee in the industry was given impetus by the recommendations of the Whitley Committee, which had been set up in 1916 to investigate methods for stemming a resurgence of industrial strife. In 1918, the Whitley Committee recommended the establishment for each industry of a representative organization of employers and workpeople, to have as its object, "the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community".¹⁶

A newly formed Joint Industrial Council held its first meeting in July 1919. Clauses on standard costing (to combat price cutting), industrial conciliation, joint consultation, and improvement in health and hygiene were all eventually incorporated into the constitution.

Employer members were required to be members of the Federation of Master Printers, and to employ at least some trade union members, whilst trade unions were required to be federated to the Printing & Kindred Trades Federation to qualify for membership of the Council.

As well as the National Council, the Joint Industrial Council structure made provision for the existence of District Committees and Works Advisory Councils in accordance with the recommendations of the Whitley Committee. Enthusiasm, however, particularly for the latter, appeared lacking in the presence of an already established traditional framework of employer-employee relations.

The achievements of the Joint Industrial Council have been essentially limited. Early in its history, the printing industry felt the effects of the 1920-22 depression and Council proposals for reducing unemployment and mitigating hardship were largely ignored by employers due to the associated costs of implementation. Also, Council proposals for dealing with a resurgence of price cutting were also largely ignored.

Child,¹⁷ in assessing the performance of the Joint Industrial Council, says that the Committees dealing with the major controversial issues of Trade Betterment, Unemployment, and the maintenance of Fair Prices achieved "practically nothing". Further, he says, despite the "flowery rhetoric" about the

common interests of workers and employers, their objectives remained poles apart.

The Joint Industrial Council only essentially came into action in the event of a strike, and then only occasionally. Due to the absence of a meaningful role for the J.I.C. in the industry, a decision was taken in 1966 to dissolve it. Only the Apprenticeship Authority and the Health Committee have continued to function through joint committees responsible to the employers' organizations and the trade unions, and these only on a sporadic basis.

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- 5.0. HISTORY AND STRUCTURE OF THE ELECTRONICS INDUSTRY
- 5.1. BRIEF DESCRIPTION OF THE INDUSTRY
- 5.2. BACKGROUND HISTORY OF THE INDUSTRY
- 5.3. PRESENT-DAY STRUCTURE OF THE INDUSTRY

5.1. BRIEF DESCRIPTION OF THE INDUSTRY

In contrast to the printing industry, the electronics industry is a relatively young science-based industry which has grown rapidly since its inception during the inter-war years.

In 1958, the Treasury's Bulletin for industry described the industry's 400 per cent growth since 1946 as the most spectacular success of any section of British Industry.¹ Later, in 1965, the electronics industry was regarded in the National Plan as a major growth industry.² In a similar vein, in 1967, Gee and Mellvain, in their appraisal of the electronics industry, said:

"Few industries in Britain can claim such phenomenal growth in the past ten years as electronics, and few industries can offer such remarkable prospects for the future." ³

The field of electronics in the Western bloc is strongly influenced by the United States of America. Though Britain is the second largest producer of electronic equipment in the Western bloc, and has the only independent computer sector in Western Europe, its total output amounts to only about 10 per cent of that of the U.S.A. In world markets too, the situation is similar with Britain commanding approximately 12 per cent of the world market whilst the U.S.A. exports five times that amount and accounts for 60 per cent of world electronics exports compared with a figure of 20 per cent for American world exports as a whole.⁴

However, the American influence in the field of electronics is further increased by American investment in the British electronics industry. It has been estimated that approximately 40 per cent of the British electronics industry is owned by American parent firms.⁵

Unlike the printing industry, the electronics industry exports a substantial proportion of its total output. The British printing and publishing industry as a whole exports less than 10 per cent of its total output, compared with a figure for imports of less than 5 per cent of total U.K. print

consumption. The British electronics industry, on the other hand, exports approximately 25 per cent of total production against imports of less than 15 per cent (see Table 1).

	YEAR			
	1961	1962	1963	1964
Output (£M)	349	402	447	511
Exports	96	108	116	125
Imports	31	39	46	77

TABLE 1 ⁶

The gross output of the British electronics industry in 1969, was a record of £1,154M (see Table 2). If the net output figures from Table 2 (for the period 1966-9) are compared with those from Table 1 (for the period 1961-4), they show a growth of 184 per cent in 8 years, i.e., an average rate of 23.0 per cent.

<u>Gross Output Of British Electronics Industry (£M)</u>				
	1966	1967	1968	1969
Capital Equipment	374	410	473	534
of which: Civil	240	286	331	394
Defence	134	124	142	140
Telecommunications	131	174	192	206
Components	229	213	262	295
of which: Active	79	82	102	118
Passive	150	131	160	177
Gross Output	813	884	1,053	1,154
Net Of Duplication	673	762	904	991

TABLE 2 ⁷

The electronics industry originated out of the inter-war era of radio communications and expanded in the 1920's and 1930's with the advent of public broadcasting and television. However, at this time, the electronics industry was still based upon a limited radio technology and a narrow range of electronic industrial instruments.

The advent of the Second World War witnessed a period of rapid growth for the industry resulting from the development of radar for military purposes. At this time the characteristics of the industry, which were to continue into the future, began to emerge. These were essentially the evolution of a permanent Research and Development function, as distinct from the traditional manufacturing function, and a relationship of close collaboration between national government and industry.⁸

The war-time development of radar was proceeded after the war by further developments in the military field and new applications in the fields of data processing and industrial automation.

Due to the diverse nature of the industry's products, its relatively short history, and its former identification with the electrical engineering industry in general, the Board of Trade and Ministry of Technology have experienced problems in drawing up a precise definition of the industry. In fact, it was not until 1962 that it received official recognition as an industry in its own right. This came about with the formation of the National Economic Development Council, and the subsequent formation of an Economic Development Committee. ('Little Neddy') for the electronics industry. The Conference of the Electronics Industry has since been formed to represent the industry's major trade associations, and to carry out liaison with national Government on issues of common interest.

Due partly to the relative youth of the industry, and also to its somewhat diverse product range, statistics are often collected by different agencies and for often very different purposes. As a result, there often

the electronics industry, in an official publication, says:

"There is of course no need for concern that there should be different definitions of what is called the electronics industry. The definition of any industry is essentially arbitrary. One or more criteria can be used as the basis of the definition. These include (a) the physical nature of the product, (b) the technology used in production, (c) the need which the product meets."

The above article continued:

"In practice of course there are often advantages in having standard definitions which are applicable to a number of uses. Thus, the Government defines industries for many statistical purposes on the basis of the standard industrial classification. This collects together into groups products or economic activities which have certain features in common. Establishments, that is, collections of buildings owned in common in one location, are then allocated to these groups, effectively the so-called minimum list headings (MLHS), according to their output. If the largest single group of the products made by an establishment falls under MLH 364, for example, that establishment is allocated to the electronics industry." 9

The latter approach was used by the Board of Trade in its last Census of Production statistics, but a slight variation has been used by the Ministry of Labour for employment statistics. The Standard Industrial Classification (SIC) minimum list heading 364 was, at this time, as follows:

RADIO AND OTHER ELECTRONIC APPARATUS (SIC Minimum List Heading 364)

- MLH 364.1 Valves
- MLH 364.2 Broadcast Receiving Equipment and Gramophones
- MLH 364.3 Radio, Radar and Electronic Capital Goods
- MLH 364.4 Radio and Electronic Components

The little 'Neddy' for the electronics industry expanded this definition by including telephone and telegraph apparatus (MLH 363) in its definition of the industry. However, since the modification of the Standard Industrial Classification scheme, in 1968, the little 'Neddy' has defined the industry as follows:¹⁰

MLH 364: RADIO AND ELECTRONIC COMPONENTS

- 364.1 Valves and Other Active Components
- 364.2 Integrated Circuits
- 364.3 Other Radio and Electronic Components

MLH 365: BROADCAST RECEIVING AND SOUND REPRODUCING EQUIPMENT

- 365.2 Other Broadcast Receiving and Sound Reproducing Equipment.

MLH 366: ELECTRONIC COMPUTERS

MLH 367: RADIO, RADAR AND ELECTRONIC CAPITAL GOODS

5.3. PRESENT-DAY STRUCTURE OF THE ELECTRONICS INDUSTRY

Gee and Mellvain have said of the structure of the industry:

"The electronics industry in Britain to-day consists of an amorphous collection of about 1,500 companies, large and small, co-ordinated by some ten different industry and trade associations and manufacturing over 3,000 types of products and components. The latter are so diverse in nature, that it is perhaps not surprising that it is only in the last few years that electronics has received official recognition as an identifiable industry.... Over 350,000 people are employed in the British electronics industry. Of this total, about 250,000 work for the major ten companies and which employ more than 10,000 each. They are: Plessey, Standard Telephones and Cables, Pye of Cambridge, GEC, Mullard, Elliott-Automation, English Electric, International Computers and Tabulators, Associated Electrical Industries, and Ferranti. Another twelve firms employ between them a total of over 60,000. The remainder have 3,000 or fewer employees." 11

However, the merger of four of the largest ten electronics companies to form the GEC-EE combine has resulted in an even greater domination of the industry by a relatively small number of firms.

The 1963 Census of Production shows that the majority of firms in engineering industry are small:

SIZE (No. Employees)	NUMBER OF ESTABLISHMENTS	NET OUTPUT (\$M's)	TOTAL EMPLOYMENT (000's)
1 - 10	5,690	} 130.9	30.1
11 - 24	4,049		70.0
25 - 49	1,669		61.7
50 - 99	1,633	145.5	115.1
100 - 199	1,161	211.4	164.0
200 - 499	997	417.6	311.5
500 - 749	280	234.3	170.7
750 - 1,499	303	430.5	314.4
1,500 +	210	827.3	657.3
Satisfactory returns	<u>15,992</u>	<u>2,475.5</u>	<u>1,895.2</u>
Unsatisfactory returns	916	31.5	23.5
TOTAL	16,908	2,506.9	1,918.7

However, the electronics firms recruited for the research were from the "Radio & Other Electronic Apparatus" sub-category of the engineering industry. Data on this specific sub-category are presented below:

 RADIO AND OTHER ELECTRONIC APPARATUS ¹³

SIZE (No. Employees)	NUMBER OF ESTABLISHMENTS	NET OUTPUT (\$M's)	TOTAL EMPLOYMENT (000's)
1 - 10	270	} 5.9	1.3
11 - 24	180		3.2
25 - 49	101		3.6
50 - 99	113	9.9	7.9
100 - 199	105	18.0	14.3
200 - 499	114	47.0	36.3
500 - 749	36	28.1	21.8
750 - 1,499	55	85.7	57.5
1,500 +	31	113.1	94.2
Satisfactory returns	<u>1,005</u>	<u>317.5</u>	<u>240.1</u>
Unsatisfactory returns	67	2.7	2.0
TOTAL	1,072	320.2	242.1

derived from the Census returns:

	<u>SIZE DISTRIBUTION OF ESTABLISHMENTS</u>	<u>NET OUTPUT (£m's)</u>	<u>TOTAL EMPLOYMENT (000's)</u>
FIRMS EMPLOYING UNDER 200	76.5% (769)	12.3% (38.6)	12.7% (39.3)
FIRMS EMPLOYING OVER 200	23.5% (236)	87.7% (276.9)	87.3% (269.8)

Whilst the "Radio and Other Electronic Apparatus" industrial category used above is a less embracing definition of the electronics industry than those often used in the literature, it indicates the large firm character of the industry which Gee and Mellvain¹⁴ have demonstrated.

Evidence to the Bolton Committee on small firms has been submitted by the Engineering Employers' Federation after recruiting the views of its small member firms. One of the claims made in the Federation's evidence was that the industrial relations record of small firms in the industry compares favourably with that of the larger firms:¹⁵

"Much of the strength of the smaller firm to-day derives from the superior communications between management and workpeople in a compact organization without the need for successive intermediaries."

An additional point made in the Federation's evidence was the difficulties that small firms encounter in recruiting skilled labour:

"Although it was recognized that this is a problem which companies of all sizes are facing, some small firms are of the opinion that larger companies, because they are able to offer additional fringe benefits and to advertise these well, find the recruitment of skilled labour easier than the small companies, and a few firms have complained of poaching by larger companies."

a single crisis may seriously challenge the survival of the small firm. The pay of redundancy compensation was stated as such a case:

"The sum which a small company would have to distribute in redundancy payments at a time of severe recession in trade, could be the decisive factor in preventing the company from staying in business."

In a similar vein, the effect of S.B.T. on the small firm was criticised:

"Not only does S.B.T. ... limit still the liquid resources of the small firm, but it raises costs and takes up administrative time so that actual production suffers."

The working population of the engineering industry and its electronics sector are outlined below:¹⁶

	MALE	FEMALE (000'S)	TOTAL
<u>Total working population in U.K.</u>	16,679	9,146	25,825
<u>Total employees in employment (excluding N.S. Forces, Women's Services, those registered wholly unemployed, total in civil employment and employers and self-employed persons</u>	14,445	8,630	23,075
<u>Total workforce employed in Production Industries (Standard Industrial Classification Orders I to XVII inclusive)</u>	--	--	11,854
<u>Total workforce employed in Manufacturing Industry (Industrial Standard Classification Orders III to XVI inclusive)</u>	--	--	8,790
<u>Total workforce employed in 'Engineering & Electrical Goods'.</u>	1,627.7	625.3	2,253
<u>Total workforce employed in 'Radio & other Electronic Apparatus'</u>	100.7	140.7	241.4

The electronics industry is strongly concentrated in the south-east except for the tele-communications sector of the industry. However, during recent years, there has been an increasing concentration in Scotland.

The National Plan¹⁷ of 1965, revealed that over three-fifths of the

The plan revealed Government expectations that future expansion of the industry would be concentrated outside the south-east but acknowledged that, "... some parts of the industry find it difficult to attract highly qualified specialists, who are in any case in short supply, to these regions."

The British electronics industry employs only a relatively small proportion of the total British workforce. In 1966, the industry, excluding tele-communications, was shown to employ only 1.3 per cent of the total British workforce, and 3.4 per cent of the workforce of manufacturing industry.¹⁸ This figure compares with a figure of nearly 7 per cent for the printing industry. The female element of the industry's workforce in 1969 amounted to 43 per cent compared with 31 per cent for manufacturing industry as a whole.¹⁹

The high female element in the workforce renders the industry susceptible to a high level of labour turnover. Though higher than industries such as chemicals, motor vehicles and aircraft and, indeed, printing, the rate of labour turnover is only about average for manufacturing industry as a whole.²⁰

<u>1969</u>	<u>Males</u>	<u>Females</u>	<u>Total</u>
Electronics	23.9	55.3	49.6
All manufacturing industry	35.1	54.6	40.9

Employment in the electronics industry in 1969 was 434,000, of which 40 per cent were employed in administrative, technical and clerical occupations. This figure increased from 37 per cent in 1965, to 40 per cent in 1969, reflecting the industry's expanding research and development effort. Approximately 4.4 per cent of the industry's workforce comprised qualified scientists and engineers²¹ compared with 1.4 per cent for manufacturing industry as a whole. In fact, the Plessey²² company, the largest manufacturer of electronic components and equipment in Britain, claims that one in

THE EMPLOYERS' ORGANIZATIONS

The electronics industry has not developed employers' organizations, for collective bargaining purposes, characteristic solely of the electronics industry in the sense that the British Federation of Master Printers and the Newspaper Society are concerned solely with the printing industry. This situation stems partly from the relative youth of the industry and, in addition, from the industry's close associations with the engineering industry in general. The electronics industry does not employ industry-specific craft skills, but skills and semi-skills of a more general nature. Most organized labour in the industry is represented by the general engineering unions and, likewise, employers have tended to look to the Engineering Employers' Federation for representation.

The Engineering Employers' Federation (EEF)**

The Engineering Employers' Federation, formerly known as the Engineering and Allied Employers' National Federation, is the largest employers' organization in Britain in terms of the number of employees working in member firms.

The Federation came into being in 1896 in response to: "...pressure by the engineering unions to secure an eight-hour day, and to restrict the right of employers to manage their own establishments as they thought fit..."²³

When the Federation was formed, it had a membership of 180 firms. It now has approximately 4,300 member firms employing nearly two million people, i.e., approximately 8 per cent of the British working population. Wage agreements established between the Federation and the Confederation of Shipbuilding and Engineering Unions affect, directly or indirectly, three million engineering and allied workers.

* The author wishes to express his thanks to the Engineering Employers' Federation and the electronics industry trade associations for assisting in the provision of material for this chapter.

into eleven regional organizations. Each federated Association is constitutionally autonomous and offers a direct service to its member firms who nominate representatives to control and formulate the policies of the Association. In addition to offering assistance on labour questions, the federated Associations handle all negotiations with local trade union officials and, on behalf of their members, make necessary contacts with the Regional Offices of Government Departments, Local Authorities, and other local bodies.

The Federation organizes throughout the engineering industry of which the electronics industry is only a part. Several electronics firms are represented on the management board of the Federation; e.g., Messcy, The General Electric and English Electric Companies, Philips, Pyc, The Yorkshire Electric Transformer Company, and The Saunders Valve and Gramophone Company. However, other large firms represented on the board of the Federation, exemplifying the Federation's broad basis of recruitment from engineering industry as a whole are: Guest Keen and Nettelfolds, Dunlop, Harland and Wolff, the British Aircraft Corporation, Ferranti, Vickers, British Leyland, Joseph Lucas, Rolls-Royce, Tube Investments, Hawthorne Leslie and B.S.A. However, in recent years some large engineering firms, notably the Ford Motor Company, have withdrawn from the Federation in order to conduct their own negotiations in industrial bargaining.

The main objectives of the Federation are stated as:²⁴

- (i) to maintain, by working with trade unions, a code of wages and working conditions appropriate to the industry;
- (ii) to secure the settlement of pay disputes;
- (iii) to counter movements detrimental to the industry; and
- (iv) to afford assistance to constituent Associations and their members in all matters affecting labour.

The Federation offers services of representation in industrial bargaining advisory services and publishes research papers. Through its admini-

their members with specialist advice on all problems, relating to labour relations, and information from other sources on associated matters.

The Federation is affiliated to the Confederation of British Industry (CBI), which is concerned with representing employers' organisations at Government level, national and international.

The Conference Of The Electronics Industry

In 1963, the electronics industry formed the "Conference Of The Electronics Industry" as the major representative body of the industry. Comprised of individual members of top management and trade associations in the industry, its function is to liaise with national government, in the form of the National Economic Development Council, on matters of policy and planning. The principal trade associations represented are: (1) the Electronic Engineering Association (E.E.A.), with forty-four member firms manufacturing capital equipment, e.g., broadcasting and television transmitters, control and data processing equipment, radar and radio communications and aircraft electronics; (2) the British Radio Equipment Manufacturers' Association (B.R.E.M.A.), with forty member firms making radio and television receivers and other forms of audio equipment; (3) the British Radio Valve Manufacturers' Association (B.R.V.A.), with nine member firms producing a range of valves; (4) the Radio and Electronic Component Manufacturers' Federation (R.E.C.M.F.), with 120 member firms making various components, e.g., capacitors, resistors and inductors, and (5) the Scientific Instrument Makers' Association (S.I.M.A.) with 130 member firms involved in assembling electronic measuring equipment. The other trade associations represented on the Conference are: (1) the British Electrical and Allied Manufacturers' Association (B.E.A.M.A.); (2) the Telecommunications Engineering and Manufacturing Association (T.E.M.A.); (3) the Society of British Aerospace Companies Limited (S.B.A.C.); and (4) the Electronic Valve and Semi-Conductor Manufacturers' Association (E.V.S.C.A.)

It was seen above that, unlike the printing industry, the electronics industry is not characterized by one-industry-based employers' organizations. This situation applies also to the industry's trade unions.

Due partly to the relative youth of the electronics industry, and also to its associations with engineering industry in general, it is serviced by "general" unions and employers' organizations. The organized unions operating in the electronics industry are the Electrical Electronic Telecommunications Union - Plumbing Trades Union (formerly the E.T.U.); the Amalgamated Union of Engineering Workers (formerly the A.E.F.); the National Union of General and Municipal Workers; and the Transport and General Workers Union.

The basis of worker recruitment into the respective unions appears haphazard and often problematical in the absence of clear cut demarcations between them. This situation is further aggravated by the movement of workers between the electronics industry and the broader engineering industry as a whole.

Due, probably, to the relatively recent recognition of the electronics industry as an industry in its own right, and the 'general' character of the organizing trade unions in the industry (see above), figures on trade union membership within the industry do not appear to be available.

JOINT INDUSTRIAL COUNCIL

Outside the state-owned power generation and distribution side of the industry, there exists no Joint Industrial Council in the engineering industry. Thus, in this respect again, the electronics industry differs from the printing industry.

The Courts of Enquiry into the engineering wages disputes in 1954 and 1957 recommended the setting up of a Joint Industrial Council. The report of the 1954 Enquiry suggested that the parties should:

body which could keep wages and related matters under periodic review, and to which preliminary negotiations on national wages might be delegated without the formality of the very large meetings and elaborate recordings of proceedings which in recent years appear to have characterized negotiations between parties." 25

Similarly, the 1957 Enquiry said:

"We are convinced that for an industry of the size and importance of the engineering industry...there should be less reliance upon the ad hoc meeting of the parties, and that a National Council of the kind we have in mind would, if made to function with mutual confidence and respect, offer substantial advantage." 26

The Confederation of Shipbuilding and Engineering Unions has been pressing intermittently since 1945 for a Council for Engineering with a constitution and functions similar to those of a Joint Industrial Council. However, the Engineering Employers' Federation has preferred to enforce the 1922 Procedural Agreement - an agreement which the unions see as having been imposed upon them "in the hour of defeat."²⁷

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16. These figures were extracted from the Annual Abstract of Statistics (Central Statistical Office, No. 106, H.M.S.O., Table 4). The figures relating to the printing industry were extracted from the Ministry of Labour Gazette (November 1969).
17. "The National Plan - The Way Ahead", op. cit.
18. "Electronics Industry Statistics And Their Sources", (Electronics Economic Development Committee, November 1968, p.5)

19. See "Labour Losses In The Electronics Industry", (Electronics Economic Development Committee) and "Attitudes In British Management - A D.E.P. Report", (Pelican, 1966, p.34)
20. "Annual Statistical Survey Of The Electronics Industry", (Electronics Economic Development Committee, July 1970, p.15, Table 32)
21. "Annual Statistical Survey Of The Electronics Industry", (Electronics Economic Development Committee, July 1970, p.10)
22. The Plessey Annual Company Report, 1969
23. "Looking At Industrial Relations", (The Engineering Employers' Federation, 1958, p.5)
24. "Looking At Industrial Relations", op. cit. p.6
25. "Looking At Industrial Relations", op. cit., p.14
26. "Looking At Industrial Relations", op. cit., p.15
27. "Looking At Industrial Relations", op. cit., p.13

- 6.0 SUMMARY AND DISCUSSION OF CASE-STUDY RESULTS
- 6.1 ENTRY INTO ENTREPRENEURSHIP
- 6.2 ENTREPRENEURIAL GOALS
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GROWTH AND PROFIT GOAL ATTAINMENT

Summarized data on the nine case-study firms are presented and discussed in this chapter.

6.1. ENTRY INTO ENTREPRENEURSHIP

MODERN OFFSET LIMITED

Both entrepreneurs in this firm, Ronald Dee and Gerald Simon, appeared to have staged their entry into entrepreneurship in response to prior experiences of marginality.

Dee joined the army as a boy soldier at the age of fourteen and, before returning to civilian life at the age of forty-five, was promoted to the rank of Lieutenant Colonel with responsibility for 120 personnel and an annual budget of £2M. However, on returning to civilian life, he found opportunities for harnessing his previously displayed organizational abilities limited. In the event, he took a job which failed to correspond with his aspirations, i.e., his own attributes, as self-defined, were inconsistent with those acknowledged by his superiors with whom he interacted. In the light of this situation, entrepreneurship was perceived as an opportunity to develop a workplace environment facilitating expression of his self-defined abilities.

Gerald Simon, on the other hand, appeared to have previously experienced feelings of marginality outside the workplace which subsequently spilled over into the workplace. He was the only child of middle-class parents who, besides holding extreme left-wing views, were also committed vegetarians. Simon internalized these views and also the strongly questioning attitudes impressed upon him by his mother, a university graduate.

At grammar school, Simon's non-conformist views and questioning attitudes led him to an unsuccessful educational career, and he left school without taking 'A' levels. The strength of his views led him to subsequently

His occupational career, before entering into entrepreneurship, was in selling. He was a very successful salesman. However, the possibilities of being promoted into higher management, which he saw his abilities as fitting him for, he estimated as being slim due to his non-conformist character and lack of formal management education. As a result, he entered entrepreneurship along with Ronald Dee.

LEADPRINT LIMITED

Both Ian and David Wilkin were second generation entrepreneurs who joined the family firm immediately after leaving school. Thus, their entry into entrepreneurship represented essentially a formalized property transfer.

G.S. GRIDLEY AND COMPANY LIMITED

John Sinclair was a third generation entrepreneur who entered entrepreneurship after spending several years as an army officer serving in the colonies. At the time of entry into entrepreneurship, he appeared to have experienced no marked feelings of social marginality in his work environment, and claimed that he did not possess the motivation necessary to set up a firm on his own account. It appeared that the intrinsic workplace gratifications, which first generation entrepreneurs valued very highly, had already been institutionalized by the Sinclair family, with its previous history of entrepreneurship.

PRINTED CARTONS AND COMPANY LIMITED

The Nicholson brothers were second generation entrepreneurs who succeeded their father as joint Managing Directors of what was a public company. As had been the case at Leadprint Limited, the son with the better academic school record became the major decision-making force in the firm.

Neither of the brothers appeared to have experienced feelings of marginality prior to their entry into entrepreneurship. Their father was, at

that time, Managing Director of the firm, and the particularistic basis of relationships within the firm assured them the option of a future in management. In addition, they appeared to have enjoyed a middle-class life-style, and had internalized the Conservative political values of their father. However, on joining the firm after the war, each had the financial responsibilities associated with the early stages of marriage, and so valued the goal of economic rewards quite highly. Thus, at this stage, it appeared that they were in the process of assimilating themselves to self-initiated re-entries into the middle-class community after leaving the shelter of their parents.

ELECSONICS LIMITED

George Coleman's entry into entrepreneurship appeared to have been structured by experiences of marginality in previous employment. He claimed to have "always considered he could do the job (of managing) better than the people he worked for." However, his failure to secure an administrative role by promotion, whilst in employment, engendered experiences of marginality resulting from an absence of consensus between the role/s to which he aspired, and the role/s for which his employers considered his abilities fitted.

The goals and values which Coleman desired to assimilate into his work role appeared to have been essentially those consistent with the "Artisan" ideal type social identity, i.e., independence, status, finding an outlet for personal abilities and selecting co-workers. However, these aspirations appeared inconsistent with the perspectives of his role held by those with whom he interacted - his superiors.

Thus, whilst Coleman identified with this social identity in his work role, its embracement was apparently blocked by his superiors, which led him to experience feelings of marginality. For the mere assimilation of these goals into his work role social identity appeared to have structured a process of anticipatory socialization. Thus, full role socialization - facilitated by promotion - was required to relieve feelings of marginality, and thus

Coleman had initially expected promotion in his employment situation, but later came to see this solution to marginality as being blocked indefinitely by his superiors (he attributed this largely to an absence of prior educational achievement as did most of Goldthorpe's respondent car workers who aspired towards promotion but held low expectations of attainment).

Coleman's feelings of marginality appeared to have been further accentuated by his marginality-free relationships in his secondary work situation - as a member of a dance band. In this context, he had sometimes played organ solo in pubs and hotels which had increased his independence further still.

Alan Walters, unlike Coleman, appeared not to have experienced feelings of marginality prior to entry into entrepreneurship. Originating from a lower middle-class family, he had not been exposed to any minority views likely to incur social ostracism. On the contrary, his parents were Conservative voters and practising Christians. From the viewpoint of the workplace, again he appeared to have been free from experiences of marginality. He had been educated at grammar school, and served an apprenticeship with a large electronics firm. In the latter context, he had gained formal qualifications on a day-release course at a local technical college.

Whilst looking for a job, after completing his apprenticeship, Walters had joined Coleman after being introduced by a mutual friend. However, after entering entrepreneurship, Walters continued to make the sharp distinction between work and leisure which he had made in employment. He appeared reluctant to sacrifice the time which other first generation entrepreneurs characteristically appeared to devote to their work role. Though he worked approximately sixty hours a week in the firm, this was noticeably less than the contribution made by Coleman. Further, Walters claimed only a moderate level of job satisfaction in entrepreneurship and, throughout his time at the firm, attended night-school classes on computer techniques. The latter action

appeared to have been structured by an intention to some day return to the shelter of employment in the large firm - which he in fact did in 1970.

CONTROL ENGINEERING LIMITED

Morris Taylor's entry into entrepreneurship appeared to have been structured by feelings of marginality in the workplace. A potentially outstanding academic career - he had aspired towards reading mathematics at Cambridge University - had been frustrated by the untimely death of his father, which had necessitated that he should leave school and seek employment. From hereon, he had been motivated to find expression for his true abilities as he perceived them. However, in employment, whilst his considerable abilities as a design engineer appeared to have been recognized by his superiors, the independence and opportunities he desired in order to achieve the outstanding, were lacking. Instead, his role in employment involved a fairly marked division of labour and repetitive work. Thus, he was neither able to find expression for his self-defined engineering abilities, nor to identify with a final product. The failure of his superiors to accept his ideas for new projects led to personal conflicts and claims by Taylor that managers were unwilling to accept new ideas, and wanted only "yes men" for subordinates.

INSTRUMENT ELECTRONICS LIMITED

McBride, Curry and Honychurch, were all first generation entrepreneurs, and all appeared to have experienced feelings of marginality prior to entry into entrepreneurship. Both McBride and Honychurch had experienced feelings both inside and outside the workplace, whereas Curry appeared to have experienced these feelings only inside the workplace.

McBride was the socially marginal child, of a lapsed Catholic family, who had suffered social ostracism as a child - to a minor extent from Protestants, but to a much greater extent from his devout Catholic relatives

haulage firm in the 1920's, but went broke in 1926. McDride himself had perpetuated his own religious marginality by marrying within the Catholic faith whilst inheriting the agnostic views of his father. Thus, as had been the case with his father, a partial solution to marginality had been sought in the work-role through entrepreneurship. His experiences of social ostracism as a child led him to develop a high success motivation to "achieve something better than the average." This, in turn, led to high achievement expectations.

Honychurch experienced similar experiences based on political values. Curry, on the other hand, appeared to experience feelings of marginality based upon incongruence of attitudes and experiences in the workplace. A "public minded" scientist,¹ he had been frustrated by doing research work for research associations which he regarded as "window dressing", and research in industry on defence contracts which he knew were likely to be cancelled before completion.

JAMES STANLEY LIMITED

Roy Stanley was a second generation entrepreneur who spent some time in employment before his father's very small firm grew to the extent of being able to offer him employment. In employment, he had been sensitive to the lack of independence which employment offered, and had experienced doubts about his promotion prospects. Thus, in some degree he had experienced feelings of marginality in the workplace whilst in employment, to the extent that he perceived an area of ambivalence between himself and his employers in interpreting his own level of ability.

6.2: ENTREPRENEURIAL GOALS

MODERN OFFSET LIMITED

At the time of entry into entrepreneurship, Dee's entrepreneurial goals strongly reflected his previous experiences in employment, even to the

However, at the beginning of the research project in 1963, the goals of "Security" and "Building Something to Leave to the Sons" had declined in the values claimed for them, and the overall ordering of goals appeared to be closely aligned with the hypothesized 'Artisan' latent social identities.

Simon's entrepreneurial goals, on the other hand, appeared to accord closely with the latter, even immediately following entry into entrepreneurship.

LEADPRINT LIMITED

At the time of joining the family firm, the entrepreneurs were aware that the firm had never previously operated at a substantial profit, and was "more likely to go bankrupt than to make a fortune." As a result, their goals at the time of their parents' retirement, were fairly closely aligned with those of the "Artisan" social identity. The firm's uncertain future - stemming from its essentially break-even financial performance, and its near failure in 1966 - imparted to the entrepreneurs the perception that the "Artisan" goals had not previously been securely institutionalized by their first generation entrepreneurial parents. As a result, these goals were still quite highly valued.

However, David Wilkin, Manager of the firm's small photographic section, had also valued the goal of economic rewards quite highly. Whilst his income from the firm had not been typically very high, it was supplemented by his wife's income and his absence of any other family commitments. The latter led to the development of a social life (he was Chairman of the local branch of the Round Table), which required a fairly substantial income.

Ian Wilkin, on the other hand, took a greater interest than his brother in running the firm, and became Managing Director on his parents' retirement. With six children and a housebound wife, his life-style was totally dependent upon the success of the firm and, to this extent, he appear

(via the firm) than his brother David. In addition, Ian, who had been more successful at school than his elder brother, had turned down the option of a place at university. As a result, he experienced a need to be seen to make a success of running the firm consistent with his personal attribute of displayed intelligence. In line with this situation, Ian Wilkin, at the time of the firm's near failure in 1966, had been concerned principally that the firm would have been seen to have "failed under his leadership."

A result of this situation was a high value associated with the goal of "Finding An Outlet For Personal Abilities" in favour of the goal of "Economic Rewards" which had appeared more problematical in its attainment until near the end of the research project.

G.S. GRIDLEY AND COMPANY LIMITED

Whereas goals based upon intrinsic job gratifications appeared to structure first-generation entry into entrepreneurship, the goal of financial rewards appeared to constitute Sinclair's principal gratification at the time of entry into entrepreneurship.

However, the "Artisan" goals were still valued in some measure. In fact, "Finding An Outlet For Personal Abilities," was valued second only to the goal of "Economic Rewards." Further, the goal of "Independence" was valued to the extent of the entrepreneur refusing to take advantage of bank loans prior to 1970, and refusing to bring a specialist General Manager into the firm until his health began to fail.

The close alignment between the organizational goal of profit and Sinclair's principal entrepreneurial goal of economic rewards led to a high profit motivation. However, this policy was not rigidly pursued. This was evidenced particularly in the entrepreneur's reluctance to sell the firm's local newspaper, even though it operated at a relatively low rate of profitability.

SINCLAIR'S ROLE IN RESOLVE DILEMMA

Following the appointment of David Pickard as General Manager, Sinclair perceived the need to expand the firm in order to maintain Pickard's interest. However, at the same time, Sinclair experienced anxieties about his health, and desired to reduce his own involvement in the firm.

Thus, the succession of goals accompanying the sequence of latent social identities appeared to be at a threshold, with the goals associated with the "Classical Entrepreneur" identity essentially attained and those associated with the "Manager" identity perceived as possibly unattainable due to the physiological constraints of age. For it appeared that a policy of attainment of the entrepreneurial goal of "management recognition" would almost inevitably involve an increase in role time intensitivity whereas, a mere consolidation of the goals already essentially attained, would lead to a decrease in role time intensitivity. Hence, the entrepreneur was faced with the alternative of seeking primarily work gratifications (based on embracement of the "Manager" identity) or, alternatively, leisure gratifications in outside social life (based on the "Classical Entrepreneur" identity).

In the above situation, organizational growth and goal succession were seen to be interdependent. There appeared to exist both capital to finance growth and markets for the firm's extended range of potential products. Thus, the causal determinant of growth was a social one - that a latent goal of management recognition was perceived as possibly unrealistic in its aspiration, (i.e., to have a fantasy basis) due to the consequences of its adoption for the entrepreneur's health.

During 1970, Sinclair recruited support from a bank, and made an offer for control of a family publishing firm. Both actions represented a departure from previous policy but were consistent with attainment of the "Manager" social identity.

However, when the bid was refused, Sinclair undertook a modest programme of internal expansion, and began to take long vacations in accordance

PRINTED CARTONS AND COMPANY LIMITED

Prior to the take-over of the firm by M.E.Board, Tony Nicholson, the principal decision-maker in the firm, claimed entrepreneurial goals consistent with those associated with the 'Classical Entrepreneur' ideal type role. His brother Ronald, on the other hand, claimed goals more closely aligned with the 'Artisan' ideal type. This situation appeared to be in keeping with their differential rates of exposure to business pressures and values.

Subsequent to the take-over, the goals of both entrepreneurs followed a process of goal succession, and approximated to those of the 'Manager' ideal type entrepreneurial role.

ELECSONICS LIMITED

The entrepreneurs in this firm appeared to bring markedly different meanings to their self-employed situations, and this reflected on their entrepreneurial goals. To Coleman, those entrepreneurial goals based on intrinsic job satisfactions had greater significance. However, to Walters, whose previous work and non-work experiences were different, they had less significance, and the intrusion of the entrepreneurial role into leisure life was felt quite deeply.

CONTROL ENGINEERING LIMITED

Taylor's entrepreneurial goals were essentially those identified with intrinsic job gratifications, i.e., "Finding An Outlet For Personal Abilities"; "Independence"; "Being Able To Pick Co-Workers"; and "The Status Associated With Being Your Own Boss." Attainment of these goals was considered necessary in order to structure the workplace as an area of marginality-free relationships. However, the extent to which these goals were pursued appeared incen-

goal of profit. The entrepreneur recruited orders for the development and manufacture of technically sophisticated electronic control equipment. In this task, strict commercial considerations appeared to have been at times subordinated in favour of the sense of challenge which a potential order was perceived likely to present. In addition, unsolicited technical sophistication (what Ken Green termed producing "a Rolls for the price of a Ford") proved costly.

Taylor reinforced his attainment of the goals of independence and attainment by adoption of an autocratic leadership style. This, in turn, created considerable problems of internal administration, and contributed towards the firm's eventual downfall.

An additional factor contributing to the firm's eventual failure appeared to be the entrepreneur's previously attained marginality-free relationships in the E2 (community) environment. The entrepreneur's wife was a hospital consultant earning in excess of £3,000 per annum. The entrepreneur lived in a residential middle-class community, the family ran two cars and kept an au pair in constant residence. Taylor claimed that, as a result, he was not motivated to improve his life-style further. This situation, coupled with a family income of over £3,000 per annum excluding his own contribution, resulted in a situation in which the relationship between his own income and the family's life-style was not one of close dependence.

Thus, the absence of a need to strive towards the attainment of marginality-free relationships in the entrepreneur's community of residence appeared to explain his low profit motivation, his extreme commitment towards the attainment of intrinsic job gratifications, and the firm's eventual failure to survive.

INSTRUMENT ELECTRONICS LIMITED

Honychurch, a founder member of a small electronics business which

grew to become a large firm, appeared to have passed through the complete sequence of 3 latent social identities prior to the firm being taken-over by a large internationally based American firm. Thereafter, he joined Instrument Electronics Limited, where his goals approximated to those associated with the 'Artisan' ideal type social identity. McBride and Curry's entrepreneurial goals were those associated with the 'Artisan' social identity until Honychurch joined the firm in 1965. At this point, they were exposed to a greater intensity of business ideas than ever before, and intended to duplicate Honychurch's experience of steering the growth of a firm, selling the firm in order to withdraw most of the invested capital and then form another small firm once again.

This led to McBride and Curry developing towards embracement of the 'Classical Entrepreneur' ideal type entrepreneurial role. However, this process developed further in the case of McBride, who functioned in a solely managerial capacity, than with Curry who continued to devote most of his time to the product development function.

JAMES STANLEY LIMITED

This firm's rapid growth, enhanced by a strong market situation and relatively little competition, witnessed relatively marked changes in Roy Stanley's entrepreneurial goals. The firm's profitability structured an improved life-style for the entrepreneur and, in turn, appeared to increase his profit motivation. However, he retained a strong desire for independence which limited the firm's rate of growth to that permitted without recourse to outside sources of finance. In 1968, with the goal of "Economic Rewards" essentially attained, Stanley aspired towards the goal of "Recognition In The Field Of Management" operationalized by an acceleration of the firm's growth rate. This, in turn, led to a reversal of his previous policy of not permitting outside finance into the firm, and thus to the subordination of 'Artisan' type goals.

The principal organizational goal identified by the current research was that of profit. This goal was seen by entrepreneurs as being structurally prescribed and claims towards a recognition of this situation were frequently justified by statements such as, "... that (profit) is what we're here for"; "... that (profit) is what it (business) is all about"; and "... without profit you're not really in business".

In accordance with this situation, all of the entrepreneurs studied defined the essential function of management (see Appendix 1. Q.11 (i)) to be that of profit maximization. However, several entrepreneurs claimed to adopt a policy on profits (see Appendix 1. Q.11 (ii)) not entirely consistent with profit maximization. However, the latter were essentially those who claimed high values for personal goals based on the "Artisan" ideal entrepreneurial role type and who claimed "Providing Employment for the Owner(s)" as an organizational goal valued more highly than profit. The latter goal declined in the value claimed for it as the entrepreneur passed through the sequence of entrepreneurial roles. Thus the organizational goal of profit emerged as an unchallenged principal goal, whilst the needs of attainment rested increasingly on excellence as a manager. Thus, the entrepreneurial function (structurally prescribed) and role (individually determined) converged towards a relationship of close alignment.

In the smaller firms where the Managing Director had a close personal contact with employees, the provision of employment for employees was claimed as a goal. However, in the larger firms where the Managing Director had considerably less contact with the majority of personnel, this was not usually claimed as a goal.

In accordance with this situation of personal contact, entrepreneurs who performed a sales function attached a lower value to the goal of providing employment for employees, but a higher value to the goal of providing the market with goods and services.

However, the fact that these claimed goals appeared to function as an expression of the differential availability of close personal contact with employees and customers respectively, is an indication that they did not function as goals in their own right but, rather, as functional requisites and/or personal gratifications associated with the firm's continued survival. Thus, just as say "growth", "progress" and "efficiency", etc., could not be considered to function as goals in their own right, neither could the "goals" in question, i.e. providing employment for employees and products for customers. However, that is not to say that they were not associated with goals. For instance the small entrepreneur claiming the provision of employment for employees as a goal could be seen to be deriving attainment of the entrepreneurial goal of status gratification from his close personal relationship with employees. Likewise, the entrepreneur fulfilling a sales function could be seen as being likely to experience a similar gratification from his relationships with customers.

The Determination Of An Acceptable Level Of Profit

In an attempt to investigate the policy of managers, in the firms studied towards profit, a questionnaire exercise was used (see Appendix 1. Q.11 (iii)) This involved managers being presented with a list of parameters available for adoption in the exercise of defining an acceptable level of profit. In the following table, the replies of respondents are given in order of selection:

Firm	Respondent	Order of Adoption of Constituent Elements In The Determination of An Acceptable Level of Profit (see Appendix 1. Q.11 (iii))										
		a	b	c	d	e	f	g	h	i	j	k
Modern Offset Limited	Ronald Leo	2	3		4							1
	Gerald Sizen		3								2	1
	Jeffrey Salmon	3	2	1	4			5				
Leadprint Limited	Ian Wilkin	2	3		5	6					4	1
	David Wilkin	3						2			1	
	Harry Bridges		1									
	John Snythe	1			2							
	Gilbert Warner	1	2									
G. S. Gridley and Company Limited	John Sinclair	3	2	1	4						5	
	David Pickard	2	1									
Printed Cartons and Company Limited	Kenneth Nicholson	1	2	4	3							
	Tony Nicholson	1	2									
Electronics Limited	George Coleman	3			4						2	1
	Margaret Coleman						2				3	1
	Alan Walters										1	
Control Engineering Limited	Morris Taylor	2			3							1
	Ken Green	1	2									
	Brian Hayden		1	2					3			
Instrument Electronics Limited	David McBride				1	2					3	4
	Roger Curry				1	2					4	3
	Les Horychurch		3		4	5					1	2
	Tony Edwards	1	2									
	Lawrence Price	1	2									
James Stanley Limited	Roy Stanley	2		1	3	4					5	6
	Eric Billingham	1										
	Berek Jones	1	2	3								
	FREQUENCY:	18	16	6	12	5	1	2	1	0	11	10

(For an interpretation of the constituent elements 'a' to 'k', used in the above exercise of defining an acceptable level of profit, see Appendix 1. Q.11 (iii). Otherwise, an interpretation is included in the table overleaf.)

(The figures arranged horizontally alongside the names of respondents indicate the order in which respondents claimed to adopt the above constituent elements used in defining an acceptable level of profit.)

Constituent Element Used In The Definition Of An Acceptable Level Of Profit	Number Of Instances In Which Element Adopted By:	
	Owner- Managers (n = 16)	Non-Owner- Managers (n = 10)
(j) That required to finance desired standard of living	11	0
(k) That commensurate with the attainment of non-economic entrepreneurial goals	10	0
(d) That required to generate the capital for expansion internally	10	2
(a) That typical of the firm in the past	9	9
(b) That typical of the industry in the past	7	9
(e) That required to attract the capital for expansion externally	5	0
(c) That typical of industry in general in the past	3	3
(f) The maximum that customers will consider fair	1	0
(g) The maximum that customers will stand	1	1
(h) The most you can make without attracting competition	0	1
(i) The most you can make without precipitating wage demands	0	0

Thus there appeared to be marked differences in the parameters used by owner-managers, on the one hand, and non-owner managers, on the other, in defining an acceptable level of profit.

Owner-Managers

The parameters used by owner-managers appeared to reflect the nature of entrepreneurial goals held. The parameter claimed most frequently, i.e. 'j', claimed eleven times, was closely aligned with the entrepreneurial goal of economic rewards. The parameters 'k' and 'd', each claimed ten times, appeared to be closely aligned with the attainment of entrepreneurial goals based on the "Artisan" ideal type entrepreneurial role. In particular, the entrepreneurial goals of "Finding An Outlet For Personal Abilities" (via growth) and "Independence" (by the financing of growth from internal sources rather than selling shares in the firm) appeared to be brought into play here.

Additional parameters based upon more universalistic criteria, e.g.

'b', 'e' and 'c', appeared less important than those with a more particularistic basis (above).

Non-Owner-Managers

The parameters chosen by the non-owner-managers can be interpreted as reflecting their market situation, as opposed to the firm's profitability, as a major determinant of their personal income. In this context, their assessment of what constituted an acceptable level of profit was framed in terms of essentially universalistic parameters, i.e. that typical of the industry, the firm, and industry in general, respectively.

6.4. LEADERSHIP AND DECISION-MAKING

The entrepreneur's leadership style adopted in decision-making was investigated in terms of the leadership style (autocratic - persuasive - consultative - democratic)² enacted at various levels of decision-making (strategic - administrative - communicational).³

The leadership style adopted by the individual entrepreneur was usually autocratic. This was particularly the case during the early stages of the firm's growth. Here, whilst, the firm possessed only one significant centre of power, and at a time when the firm's employees were likely to be the entrepreneur's former peers from either leisure life or employment, the adoption of an autocratic leadership style facilitated attainment of highly valued "Artisan" type goals. For instance, the concentration of decision-making authority in the entrepreneurial role, reinforced by a reluctance to delegate, increased the entrepreneur's independence by minimizing his dependence on other roles. In addition, the maximization of status differentials by the adoption of an autocratic leadership style facilitated gratification of the goal of "The Status Associated With Being Your Own Boss", which was shown to be an intrinsic job satisfaction.

In the very small firm, the entrepreneur typically assumed responsibility at all three levels of decision-making: strategic, administrative and communi-

them. However, the growth of the firm led to the creation of new centres of power within the firm, based upon new functional specialisms, and necessitated that the entrepreneur delegate authority. As a result, responsibility for the content of, first, communicational and, later, administrative decision-making passed into other hands until, eventually, the entrepreneur limited his responsibility essentially to strategic decision-making. However, even here, an autocratic leadership style eventually became impossible (as Frank Williams found at Meldrum and Higgins Limited) in view of the entrepreneur's reliance on other functional specialists.

Leadership, Decision-Making and Conflict

Management Conflict

The research revealed instances of management conflict as did the work of Dalton⁴ previously. This was most pronounced in the firms controlled by first generation entrepreneurs, and was exemplified by Elecsonics and Instrument Electronics Limited in particular.

In the former case, a conflict situation appeared to have been deliberately precipitated by an entrepreneur (George Coleman) in order to structure the exit from the firm of his partner. In the latter case, one of three partners appeared to have entered into an alliance with the management of a public company in an attempt to ensure acceptance by his partners of a bid for control from the public company.

Further, at Control Engineering Limited, both Taylor and Williams attested to the occurrence of intense arguments within the firm structured by differences of opinion regarding technical design. Here, Taylor was eventually dismissed from the firm which he himself had formed.

In the case of G.S. Gridley and Company Limited, Sinclair purchased shares from other shareholders in the firm at below their true value, as he defined it. Further, he desired to make Pickard a shareholder in the firm as a strategy for ensuring his continued services within the firm. However, he was awaiting the death of another major shareholder in order to secure the

assets and issuing additional shares in order to correspond with the true value of the firm. This strategy was intended to minimize the value of Pickard's subsequent shareholding whilst, at the same time, ensuring Pickard's continued presence as a manager within the firm.

Conflict Between The Entrepreneur And Subordinates

In the very small firms, the adoption of an essentially autocratic leadership style by the entrepreneur did not automatically precipitate a conflict situation at times of decision-making. The latter appeared to depend essentially upon the expectations of those with whom the entrepreneur interacted.

Two note-worthy instances here, drawn from the research, are Ian Wilkin and Frank Williams. In each case, the enactment of an autocratic leadership style was initially consistent with the expectations of subordinates whose acceptance of such a style appeared to be legitimized by attitudes of deference. However, when Wilkin later employed a professionally trained manager and Williams was vested with authority over a team of trained management experts, situations of incongruence emerged between entrepreneurial leadership style and subordinate expectations, resulting in conflict situations.

Unionization and Conflict

There appears to be a clear link between the growth in size of business units, bureaucratization, and the emergence of trade unions. The point in the growth process at which the formation of unions occurs may depend on a range of factors - type of industry and its general degree of unionization, technology, attitudes of management, etc. - but this re-formulation of worker-management relations is an anticipated aspect of growth as such.

If the union organization may be regarded as an extension of the firm's organization structure, then this represents the bureaucratization of management-worker relations previously conducted on a personal and informal

basis. Whilst unions may often act as management agents, policing agreed procedures of work, the entrepreneurs studied were hostile towards unions. In the case of James Stanley Limited, an attempt at unionization was felt to be the work of a "few agitators" and was seen as a failure on his own part to provide the leadership required (at least one of these "agitators" soon after entered into entrepreneurship).

Roy Stanley in fact set up a system of Joint Consultation in order to combat tendencies towards unionization and the author attended a meeting of this body in order to investigate its function:

The Function Of Joint Consultation: A Strategy For The Attainment Of Independence In Decision-Making (see James Stanley Limited case study)

Of the sixteen issues raised by employee representatives during the meeting in question, fourteen were of the nature of minor grievances concerning working conditions. The other two issues raised were both requests for information regarding holiday entitlement. Only one of the sixteen points raised, i.e. that concerning the production bottle-neck caused by inadequate finishing facilities, was likely to have provided information useful to management from any viewpoint other than that of promoting good management-employee relations.

Of the six issues raised as matters arising from the previous meeting, all of which appeared to have been raised previously by employees, four had, again, been essentially of the nature of minor grievances whilst the other two had concerned holidays and the firm's annual Christmas Dinner and Dance.

All management initiated interactions appeared to be directed either towards answering queries raised by employee representatives on the one hand, or attempting to recruit employee identification with the interests of the firm on the other. The latter was exemplified in communications concerning the firm's stores, where a need for efficiency was stressed; output figures, where a common interest was portrayed vis-a-vis production bonuses; and in the general statement on the firm's trading position as outlined by Stanley.

The Works Manager described the function of the Joint Consultative system by claiming: "It combats unionization because it acts as a safety valve by

size. It's good for morale too".

Thus, the principal intended function of Joint Consultation appeared to have been that of allowing management independence to control its environment by creating good employee morale whilst minimizing the possibilities of unionization.

6.5 JOB SATISFACTION

Cummings and Elsalmi⁵ have used the human need-hierarchy concept in a study relating managerial satisfaction to a number of variables. Their results, interpreted in the context of role theory, have identified "role diversity" - operationalized by the number of relevant role senders - and "job level", as the major variables influencing the experience of a high level of job satisfaction.

In accordance with this observation, the salient structural features of the entrepreneur's role, observed in the present research, were associated role diversity and high personal contribution opportunity. The former variable - role diversity - was strongly influenced by the nature of the entrepreneur's duties, which were spread over a wide range of functional specialisms. The other important variable - job level - was structured by the entrepreneur's position as the highest source of authority in the firm. This was often reinforced by the adoption of an autocratic style of leadership.

Thus, in terms of the variables identified by Cummings and Elsalami, the conditions for a high level of job satisfaction appeared to be present in the entrepreneurial role. The levels of entrepreneurial job satisfaction recorded in the current research project were as follows:

LEVEL OF JOB SATISFACTION CLAIMED BY RESPONDENTS

FIRM	RESPONDENT	LEVEL OF JOB SATISFACTION			
		Owner-Manager (Entrepreneur)		Non-Owner Manager (Professional Employee)	
		In Case- Study Firm	In Pre- vious Employ- ment	In Case- Study Firm	In Pre- vious Employ- ment
Modern Offset Limited	Ronald Dee	4-6	3	-	-
	Gerald Simon	6-7	4	-	-
	Jeffrey Salmon	-	-	5-6	4
Leadprint Limited	Ian Wilkin	5	-	-	-
	David Wilkin	6	-	-	-
	Harry Bridges	-	-	3	4
	John Smythe	-	-	6	-
	Gilbert Warner	-	-	2	4
G. S. Gridley and Company Limited	John Sinclair	6	5	-	-
	David Pickard	-	-	6	5
	Michael Simon	-	-	6	-
	Harry James	-	-	7	-
	Peter Barlow	-	-	5	-
Printed Cartons and Company Limited	Kenneth Nicholson	7	-	5	-
	Tony Nicholson	6	-	5	-
Elecsonics Limited	George Coleman	4-6	3	-	-
	Margaret Coleman	7	5	-	-
	Alan Walters	4	4	-	-
Control Engineering Limited	Morris Taylor	7	3	-	-
	Ken Green	-	-	5	4
	Brian Hayden	-	-	6	4
Instrument Elec- tronics Limited	David McBride	6-7	2-5	-	-
	Roger Curry	7	3-5	-	-
	Les Honychurch	7	3-5	-	-
	Tony Edwards	-	-	6	3-5
	Lawrence Price	-	-	5	6
James Stanley Limited	Roy Stanley	6-7	3	-	-
	Eric Billingham	-	-	5-6	4
	Derek Jones	-	-	5	4
	<u>MEAN LEVELS:</u>	6.1	3.8	5.2	4.3

- (i) The owner-managers appeared to experience a higher level of job satisfaction in the case-study firms than the non-owner-managers in the same firms, (i.e. High to Very High as opposed to Moderate-to-High to High) - (see Appendix 1. Q.7. for interpretation of levels of job satisfaction).
- (ii) The level of job satisfaction experienced by the owner-managers when in previous employment was lower than that experienced by the case-study non-owner-managers in previous employment, (i.e. Moderate to Moderate-to-High as opposed to Moderate to Moderate-to-Low).
- (iii) Both owner-managers and non-owner-managers in the case-study firms experienced higher levels of job satisfaction in these firms than in previous employment.

6.6 ROLE TIME INTENSITIVITY

FIRM	RESPONDENT	ROLE TIME INTENSITIVITY (hours per week)	MEAN ROLE TIME INTENSITIVITY (hours per week)
Modern Offset Limited	Ronald Dee	52	55.5
	Gerald Simon	55	
	Jeffrey Salmon	59.5	
Leadprint Limited	Ian Wilkin	59	59.0
	David Wilkin	47.5	
	Harry Bridges	60-65	
	John Smythe	65	
	Gilbert Warner	61	
G. S. Gridley and Company Limited	John Sinclair	47.5	44.0
	David Pickard	52.5	
	Michael Simon	40	
	Harry James	40	
	Peter Barlow	40	
Printed Cartons and Company Limited	Kenneth Nicholson	45	45.0
	Tony Nicholson	45	
Elecsonics Limited	George Coleman	70	65.0
	Alan Walters	60	
Control Engineering Limited	Morris Taylor	70-90	58.3
	Ken Green	37.5	
	Brian Hayden	55-60	
Instrument Electronics Limited	David McBride	46	44.4
	Roger Curry	46	
	Les Honychurch	20-30	
	Tony Edwards	50	
	Lawrence Price	55	
James Stanley Limited	Roy Stanley	48	52.3
	Eric Billingham	50	
	Dennis Jones	59	

Size Categories From Which Firms Recruited (Workforce Size)	Average Length Of Working Week (Hours Per Week)
1 - 10	62.25
11 - 50	58.65
51 - 100	44.20
101 - 200	48.65

Thus, at a general level, there appeared to be an inverse relationship between size of firm and average length of working week worked by managers in the firms studied.

6.7 BUSINESS IDEOLOGY

The business ideology of the small entrepreneur was investigated using Nichols's ideological sets (see Appendix 1.0.9) and additional ideological sets generated by the entrepreneur (see Appendix 1. Q's 11-15). Nichols's questions were used in the present research in order to facilitate comparability with Nichols's sample of managers from medium and large sized firms. The author developed additional questions to test business ideology and yield information on the business policies of the entrepreneurs concerned.

The respondents' replies to the questions on business ideology are presented overleaf. In all cases, a forced-choice technique was adopted, i.e. on a specific issue considered to have important consequences for business ideology, respondents were presented with three statements and asked to select one with which they were most in agreement. The three statements in any one ideological set corresponded to the business ideologies of Social Responsibility (S.R.); Laissez-Faire (L.F.); and Long-Term-Company-Interest (L.T.C.I.) respectively.⁷

Nichols's test of business ideology brought into play four ideological choice sets. The author developed a further seven such sets. The respondents' replies to the forced-choice ideological sets are presented overleaf in terms of the number of choices made for each of the three ideologies proposed by Nichols, i.e. Social Responsibility (S.R.); Laissez-Faire (L.F.); and Long-Term-Company-Interest (L.T.C.I.)

Firm	Respondent	Nichols's Ideological Sets		
		S.R.	L.F.	L.T.C.I.
Modern Offset Limited	Ronald Dee	0	2	2
	Gerald Simon	2	1	1
	Jeffrey Salmon	0	3	1
		<u>2</u>	<u>6</u>	<u>4</u>
Loadprint Limited	Ian Wilkin	2	2	0
	David Wilkin	0	4	0
	Harry Bridges	1	1	2
	John Smythe	0	3	1
	Gilbert Warner	1	0	3
		<u>4</u>	<u>10</u>	<u>6</u>
G. S. Gridley and Company Limited	John Sinclair	0	3	1
	David Pickard	0	4	0
	Michael Simon	1	1	2
	Harry James	0	1	3
	Peter Barlow	2	0	2
		<u>3</u>	<u>9</u>	<u>8</u>
Printed Cartons and Company Limited	Kenneth Nicholson	0	4	0
	Tony Nicholson	2	2	0
		<u>2</u>	<u>6</u>	<u>0</u>
	<u>TOTAL</u>	11	31	18
Electronics Limited	George Coleman	0	3	1
	Margaret Coleman	2	1	1
	Alan Walter	0	1	3
		<u>2</u>	<u>5</u>	<u>5</u>
Control Engineering Limited	Morris Taylor	3	1	0
	Ken Green	0	2	2
	Brian Hayden	0	4	0
		<u>3</u>	<u>7</u>	<u>2</u>
Instrument Electronics Limited	David McBride	3	1	0
	Roger Curry	3	1	0
	Ies Honychurch	0	4	0
	Tony Edwards	0	1	3
	Lawrence Price	0	2	2
		<u>6</u>	<u>9</u>	<u>5</u>
James Stanley Limited	Roy Stanley	0	4	0
	Eric Billingham	0	2	2
	Derek Jones	0	0	4
		<u>0</u>	<u>6</u>	<u>6</u>
	<u>TOTAL</u>	11	27	18
	<u>AGGREGATED TOTAL</u>	22	58	36

Firm	Respondent	The Author's Ideological Sets		
		S.R.	L.F.	L.T.C.I.
Modern Offset Limited	Ronald Dee	0	3	4
	Gerald Simon	3	1	3
	Jeffrey Salmon	0	3	4
Leadprint Limited	Ian Wilkin	2	2	3
	David Wilkin	0	5	2
	Harry Bridges	3	1	3
	John Smythe	1	3	3
	Gilbert Warner	0	1	6
G. S. Gridley and Company Limited	John Sinclair	0	5	2
	David Pickard	0	1	6
Printed Cartons and Company Limited	Kenneth Nicholson	0	4	3
	Tony Nicholson	2	3	2
	TOTAL:	11	32	41
Elecsonics Limited	George Coleman	0	5	2
	Margaret Coleman	2	1	4
	Alan Walters	0	1	6
Control Engineering Limited	Morris Taylor	3	1	3
	Ken Green	0	1	6
	Brian Hayden	0	3	4
Instrument Electronics Limited	David McBride	1	5	1
	Roger Curry	2	3	2
	Les Honychurch	0	6	1
	Tony Edwards	0	2	5
	Lawrence Price	0	3	4
James Stanley Limited	Roy Stanley	0	6	1
	Eric Billingham	1	1	5
	Derek Jones	0	1	6
	TOTAL:	9	39	50
	<u>AGGREGATED TOTAL:</u>	20	71	91

RESPONSES FROM THE RESEARCH SAMPLE TO NICHOLS'S IDEOLOGICAL SETS

(APPENDIX 1. Q.9.)

Owner-Managers (n=16)			Non-Owner-Managers (n=13)			Total Sample (n=29)		
S.R.	L.F.	L.T.C.I.	S.R.	L.F.	L.T.C.I.	S.R.	L.F.	L.T.C.I.
17	38	9	5	20	27	22	58	36

RESPONSES FROM NICHOLS'S OWN SAMPLE OF PROFESSIONAL LARGE FIRM MANAGERS TO THE SAME IDEOLOGICAL SETS

Non-Owner-Managers (n=65)		
S.R.	L.F.	L.T.C.I.
84	27	149

RESPONSES FROM THE RESEARCH SAMPLE TO THE AUTHOR'S IDEOLOGICAL SETS

(APPENDIX 1. Q's 11-15)

Owner-Managers (n=16)			Non-Owner-Managers (n=10)			Total Sample (n=26)		
S.R.	L.F.	L.T.C.I.	S.R.	L.F.	L.T.C.I.	S.R.	L.F.	L.T.C.I.
15	52	45	5	19	46	20	71	91

Observations

The responses of the author's owner-managers to Nichols's ideological sets were markedly different to those of the non-owner-managers studied. The responses of the latter were, in turn, markedly different to those of Nichols's sample of professional managers drawn from larger firms. However, the responses of Nichols's sample were more aligned with those of the non-owner-managers in the author's sample than those of the owner-managers.

Whereas both Nichols's sample and the author's sample of non-owner-managers subscribed towards a principal business ideology of "Long-Term-Company-Interest" (L.T.C.I.), the owner-managers studied subscribed towards a principal business ideology of "Laissez-Faire" (L.F.) and were influenced by the "Long-Term-Company-Interest" ideology even less than that of "Social Responsibility" (S.R.)

The current research results showed that the three business ideologies were essentially associated with the three respective ideal entrepreneurial role types in the following manner:

Ideal Type Entrepreneurial Role	Principal Business Ideology Claimed
"Artisan"	Social Responsibility (S.R.)
"Classical Entrepreneur"	Laissez-Faire (L.F.)
"Manager"	Long-Term-Company Interest (L.T.C.I.)

The above sequence of business ideologies accompanying the succession of entrepreneurial role types can be seen as the result of a process of socialization into business culture. For instance, at the time of entry into business, first generation entrepreneurs appeared to interpret their new situation in the light of their former experiences in employment. At a later stage, they became more integrated into the business environment. However, continued experience of "marginality", structured by their presence in a business economy dominated by large institutions, stemmed their development towards adoption of

; Thus, the small entrepreneur's principal business ideology of Laissez-Faire accorded with his situation in classical economic theory. This observation was borne out both by the use of Nichols's ideological sets and those developed by the author.

Nichols's Deviant Case-Study Firm - Zed Ltd.⁸

Nichols's case-study firms were considerably larger than those examined in the current research. In fact, they all employed more than 500 personnel. The principal business ideology to which the directors of these companies (10 out of 15 of them were "management controlled") subscribed was that of Long-Term-Company-Interest. Consistent with this observation, the current research project indicated a tendency for embracement of this ideology accompanying organizational growth.

Nichols singled out one of his case-study firms, Zed Ltd., as a deviant case. However, an examination of this firm from Nichols's book, indicates that it has marked similarities with the small firms studied in the current research.

For instance, the managers embraced a business ideology of "Social Responsibility". Their incomplete socialization into business culture resulted in feelings of persecution and what Nichols describes as occupation of "the position of marginal men". Further, characteristics of the "Artisan" role appeared to have been maintained amongst managers in this firm. The chief executive appeared to have maintained almost charismatic authority and status amongst his management colleagues who had been recruited on an essentially particularistic basis. Nichols says the latter were "not so much businessmen who had been won over by his dynamism and management expertise but personal friends and acquaintances who had been persuaded to leave other fields of work in order to join him".

The management team shared certain ideals with former associates in trade union and political life. This, in turn, appeared to have inhibited the process of entrepreneurial goal succession in that the cost of experiencing marginality-free relationships in the wider business community (a process accompanying goal succession), would have been a rejection of deeply held ideals.

6.8 RELATIONS WITH THE ENVIRONMENT

In the following table, the average performance of the eight main-study firms, during the five-year period 1966 - 70 inclusive, is summarized in terms of the six sub-environments developed. The means of assessment is as follows:

Sub-Environment	Parameter Of Assessment
Labour	Average rate of labour turnover
Workforce Efficiency	Proportion of staff involved in non-productive activities
External Aids	Total number of external aids used by the firm
Technical	State of the firm's technology
Market	Number of established market-product situations (M) and aggregate market strength (S)
Knowledge	Environmental Perception Quotient

See table overleaf:

6.8 RELATIONS WITH THE ENVIRONMENT

FIRM	ELEMENTAL SUB-ENVIRONMENT						
	Labour Sub-Environment	Workforce Efficiency Sub-Environment	External Aids Sub-Environment	Technology Sub-Environment	Market Sub-Environment	Knowledge Sub-Environment	
Modern Offset Limited	40.5	25.4	12	6.0	2M + 2.3S	66	
Leadprint Limited	63.6	27.2	17	5.4	4M + 2.8S	68	
G. S. Gridley and Company Limited	11.3	17.1	10	6.8	2M + 4.0S	68	
Printed Cartons and Company Limited	11.6	19.5	15	5.0	2M + 4.7S	72	
Electronics Limited	15.9	17.6	3	5.0	2M + 1.2S	46	
Control Engineering Limited	42.3	30.8	11	6.6	2M + 4.6S	40	
Instrument Electronics Limited	57.7	37.8	18	6.0	5M + 3.0S	76	
James Stanley Limited	21.2	25.2	16	6.0	2M + 5.7S	78	

mance in the respective elemental sub-environments, the order is as follows:

FIRMS	Relative Order Of Performance In The Respective Sub-Environments					
	Labour	Workforce	External Aids	Tech- nology	Market	Knowledge
Modern Offset Limited	5	5	5	3	7	6
Leadprint Limited	8	6	2	6	6	4
G. S. Gridley and Company Limited	1	1	7	1	4	4
Printed Cartons and Company Limited	2	3	4	7	2	3
Elecsonics Limited	3	2	8	7	8	7
Control Engineering Limited	6	7	6	2	3	8
Instrument Electronics Limited	7	8	1	3	5	2
James Stanley Limited	4	4	3	3	1	1

Allocating marks of 8 - 1 for positions 1 - 8 respectively, the firms' aggregate scores are as follows:

Firms	Total Points Scored	Position
Modern Offset Limited	23	5th
Leadprint Limited	22	equal 6th
G. S. Gridley and Company Limited	36	2nd
Printed Cartons and Company Limited	33	3rd
Elecsonics Limited	19	8th
Control Engineering Limited	22	equal 6th
Instrument Electronics Limited	28	4th
James Stanley Limited	38	1st

Thus, the four largest of the eight firms occupied first four positions with total scores of 28 - 38. The four smaller firms scored 19 - 23. Elecsonics, the firm almost solely reliant upon a single customer, scored only

19 points, and Control Engineering, the firm which failed to survive, scored only 22 points.

The author is aware that any attempt to elaborately quantify the influence of respective sub-environments is difficult if not impossible. For instance, it may not be the firm's overall score which is important but, rather, the distribution of points over respective sub-environments. Whilst Control Engineering possessed a relatively advanced technology and a fairly strong market situation, outstanding weaknesses in workforce efficiency and environmental perception structured the firm's failure to survive whilst Elecsonics, with its lower overall points scored, continued to survive.

In addition, the author is aware that his own system of allocating points is not aligned with any system of weighting either as between respective sub-environments or within them, i.e. points were allocated in equal whole number divisions not reflecting true differentials. Just as G. S. Gridley and Printed Cartons were separated by a whole point for an 0.3 per cent per annum differential in labour turnover, similarly, a single point separates James Stanley and Modern Offset with a differential of 19.7 per cent per annum.

In addition, the cost of labour turnover may vary between the two industries studied. For instance, the electronics industry employs a high proportion of females⁹ in its total workforce and an E.D.C. report claimed a lower replacement cost for female labour than male (£300 per hourly paid male as opposed to £150 per hourly female)¹⁰. Assuming that this pattern is reflected in the printing industry, which employs proportionately less women, then labour turnover costs appear likely to be higher in the printing industry than the electronics industry.

Relationship Between Environmental Control And Profitability		
Case-Study Firms In Order Of Points Scored For Environmental Control	Points Scored	Average Rate Of Profit Return Of Capital Employed During The Period Under Study
James Stanley Limited	38	16.5 per cent
G. S. Gridley & Company Limited	36	19.2 per cent
Printed Cartons & Company Limited	33	10.6 per cent
Instrument Electronics Limited	28	10.6 per cent
Modern Offset Limited	23	*
Leadprint Limited	22	5.1 per cent
Control Engineering Limited	22	Nil
Elecsonics Limited	19	*

Thus the relationship between environmental control and organizational profit goal attainment appeared a fairly close one.

* Each of these firms had only established a profitable trading basis in 1969 and 1970. Whilst the profits made were of a fairly modest order, in percentage terms they were very large due to the absence of ownership of freehold premises and purchased capital equipment. This situation, whilst inflating the figure of profit return as a percentage of capital employed, made a direct comparison with other firms impossible. To do this, the sale value of the premises rented by these firms would have had to have been included in the figure of capital employed. This would have reduced the figure of profitability to a relatively low level.

Methodology

At a general level, Williams presented an almost ideal opportunity to test the grounded hypotheses generated out of the main-sample research data. The rapid succession of roles held by the actor, ranging from employee in 1957 to professional manager ten years later with no marked reversals in between, was seen as representing an opportunity for the study of goal succession in as near pure a form as could be hoped for in a research programme of this kind.

The process of goal succession observed in this case study was essentially followed by the other entrepreneurs studied in the major sample, though over a more limited range in most cases. Originating from a classical working-class milieu, the meaning Williams took into his self-employed work situation in 1957 structured a strong appreciation of the intrinsic job gratifications identified with the Artisan ideal entrepreneurial role type.

On the other hand, in no other single case did the researcher observe a movement so far towards the successful attainment of the Managerial ideal entrepreneurial type goals. Whilst, in hindsight, it appears that these goals were never in fact so close to attainment as Williams perceived them in 1967, the fact remains that his perceptions of the situation, inflated as they were, allowed the process of entrepreneurial goal succession to progress completely through the full range of ideal types. The process of goal succession only later went into reverse when Williams's expectations and associated aspirations began to decline.

Thus, Williams's co-operation in the research project presented a useful opportunity to examine the hypotheses generated out of the major sample firms in the light of a more longitudinal study of one entrepreneur based outside the industries chosen for the main study.

Entry into Entrepreneurship

As had been the case with the other first generation entrepreneurs studied, Williams's entry into entrepreneurship appeared to have been structured by previous experiences of social marginality.

In the context of a community frame of reference, he experienced feelings of marginality as a child. A situation of structural marginality based on regional culture - he had suffered ostracism amongst English school children on account of his broad Welsh accent - led to an achievement motivation which manifested itself initially in success at sports.

In addition, though Williams's father had been an unskilled manual worker, and therefore had working-class membership, his mother had been a teacher and could therefore be considered middle-class fallen. Further, his mother had given piano lessons to middle-class pupils in the Williams household, thus facilitating a further degree of social class mixing.

Later, in the R.A.F., Williams appeared, once again, to have experienced feelings of social marginality, resulting from his contacts with national servicemen from middle-class backgrounds. However, it appears that, with his civilian status still being that of a manual craft apprentice, he would not have been totally accepted by his middle-class peers in the R.A.F. On the other hand, on returning to the low status employment of his apprentice role in industry, he was likely to have experienced marginality due to a partial identification with the middle-class acquaintances of his experience in the R.A.F.

Thus, Williams had found himself in a situation whereby he had a classical working-class work situation involving little or no workplace autonomy and a propertyless contactual relationship with his employer. In addition, he possessed no formal academic qualifications or special training outside his training as a manual craft apprentice. On the other hand, he appeared to have possessed a high level of achievement motivation and a partial identification with the middle-class sub-culture to which he had been subjected in the R.A.F.

to have been socially marginal. An immediate entry into self-employment would have been a solution to this marginality. However, he had no experience at that time of running a business and, in the absence of academic qualifications, joined a small family firm where he could, once again, have face-to-face relationships with middle-class people, and where his chances of promotion to a position of authority (and workplace autonomy) would be increased.

However, after several years in this situation, Williams considered promotion to a position higher than Works Manager unlikely in a family firm, but now possessed the know-how to set up his own small firm - and did.

However, even though he had found a solution to social marginality, in entrepreneurship, he had found himself in a marginal situation again later as a professional manager working for a family controlled public company. This latter form of marginality was reinforced by the low academic attainment of his children and the beginnings of a compliance with the proverbial "rags to riches and back to rags in three generations". Thus, Williams's children appeared bound to be downwardly socially mobile and this factor appeared instrumental in influencing his latest experiences of social marginality.

Entrepreneurial Goals

The order in which the entrepreneurial goals were adopted for attainment is shown below:

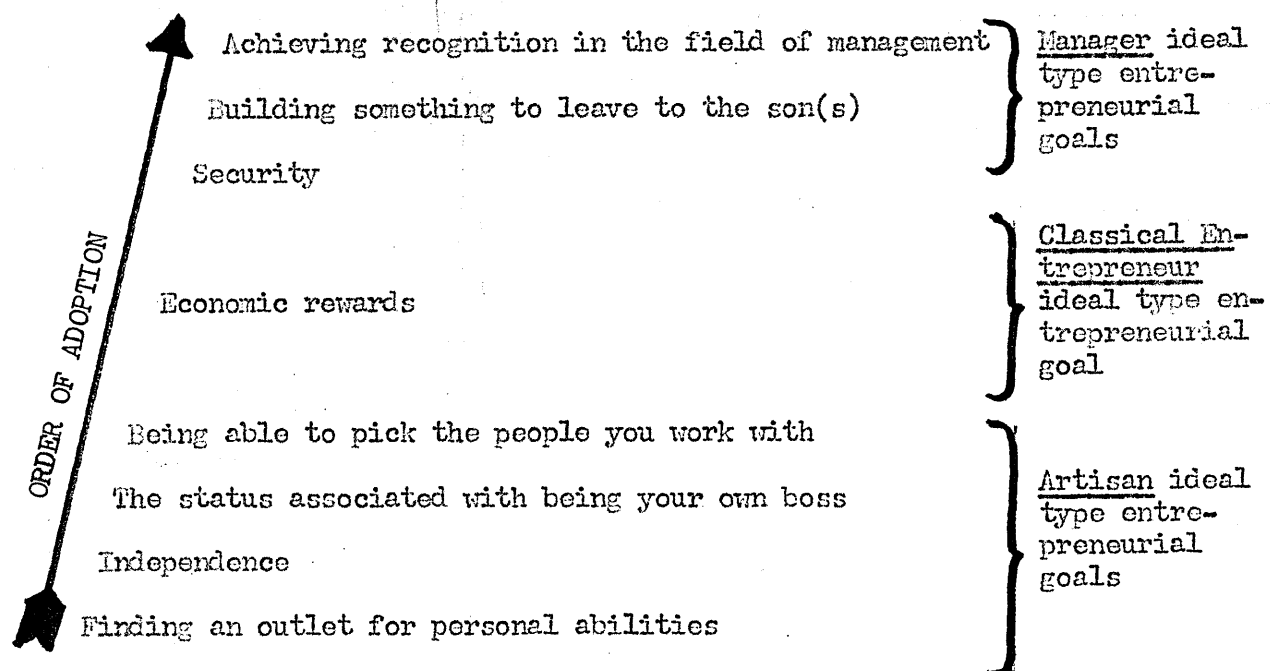


Fig. 1

goals associated with the "Artisan" ideal type, and the goal of "economic rewards", in that order. In fact he claimed that his aspirations towards attainment of the latter goal rose no higher than a desire to maintain his existing standard of living.

As was the case with all the first generation entrepreneurs studied, Williams's principal "Artisan" type goal was that of "Finding an Outlet for Personal Abilities" operationalized by (1) performing several functions rather than the single specialized function performed in previous employment and, (2) by achieving organizational growth. He valued independence and status particularly in view of having experienced a sharp relative deprivation of these two goals on returning from the R.A.F. to his factory job as an apprentice. Though the status associated with self-employment (a characteristic feature of middle-class life) was claimed as a goal, it was essentially as an extrinsic job satisfaction amongst his co-workers. He claimed not to have been socially aspiring.

By 1964, the firm had expanded to the extent of employing thirty personnel, and Williams considered that the firm required a knowledge of financial control techniques in order to achieve greater efficiency. In order to maintain his independence and wide role definition, he decided to familiarize himself with this knowledge, rather than employ an accountant, and enrolled on a part-time course at Kingston College of Technology.

The firm's growth and increasing profitability led to Williams raising his living standard, and aspiring towards increasing it even further. As a result, 'economic rewards' had become his principal entrepreneurial goal, completing the transition from the "Artisan" to "Classical Entrepreneur" ideal type. Further, the "Manager" ideal type goals were being claimed at this time and, in fact, occupied positions 4, 5 and 6 of the eight goals claimed. Thus, at that stage, all eight goals included in the goal questionnaire had been perceived as realistic in their aspiration. The "Manager" ideal type

goals had transformed from "latent" to "manifest" in accordance with the greater perceived expectations of goal attainment. Further, the "Artisan" ideal type goals of picking co-workers and attaining the status associated with self-employment had declined in value. In the former case, personal friends who had been potential employees had already joined the firm and, in the latent case also, after seven years in self-employment this goal was seen as having been largely attained.

By 1967, on attainment of the award of "Diploma in Management Studies" (DMS), the goal of "Achieving Recognition in the Field of Management" increased in value to occupy second position in the goal hierarchy. This was in accordance with Williams's increased expectations of goal attainment stemming from the award of DMS; his membership of the British Institute of Management (for which the possession of DMS or equivalent was an entry qualification; and his plans to expand the firm into a larger premises.

At the time of the take-over of Williams-Bellamy Limited by Meldrum and Higgins, Williams claimed "security" and "building for the son(s)" as his two principal goals, followed by "management recognition" and "economic rewards". Thus the "Manager", "Classical Entrepreneur" and "Artisan" ideal type goals were valued in that order.

However, with a five-year contract worth £5,000 p.a. and £10,000 invested in a stock-market investment portfolio, (with the expectation of 100 per cent appreciation over five years), the goal of security soon became to be regarded as largely attained. Further, the expectation of having £20,000 available in five years time to, if necessary, start a business for his son(s), plus his ability in the short term to guarantee them a good education (the least gifted of the sons was sent to a private school) was seen as being synonymous with at least partial attainment of the goal of "building for the son(s)". Thus, management recognition emerged as Williams's principal goal. For, though achieved in some measure, he had set himself a target of getting a seat on the main board of the parent company within the duration of his existing five-year contract.

and emerged, once again, as Williams's principal goal. The relatively low profit figures of Meldrum and Higgins, the merger between Needham Industries and Northern Metals, and the decline in the value of Williams's stock-market investment portfolio, all acted as factors challenging this goal which he had previously begun to consider as being essentially attained.

In addition, by the end of the first year as Managing Director of Meldrum and Higgins, all of the "Artisan" ideal type entrepreneurial goals had been abandoned as being unrealistic in their aspiration.

Thus, it was only after Williams began to consider that he had "over-promoted" himself by becoming a Managing Director in a public company that the order of goal adoption indicated in Fig. 1 was disturbed when the process went into reverse. The essential source of this disturbance was the resulting decrease in his expectations of the probability of attainment of the goal of "Recognition in the field of management" which had led to a decline in the value associated with this goal. This decline was associated with an upgrading of the goal of security in the light of previous expectations being considered optimistic.

Organizational Growth

The focal point of goal succession appeared to be organizational growth (i.e. the utility goal proposed by the Managerial Economists' school). However, Williams considered that the great majority of entrepreneurs attempted to make their firms grow, but that many lacked the range of functional skills required to structure growth. (This claim was also made by the author's respondent at NUMAS, and was seen to be the case at Control Engineering where managerial skills were almost completely absent, yet, Taylor refused to surrender his independence by recruiting additional managerial skills and the delegating authority.)

Williams said:

"Ignorance is the main cause of entry into self-employment. Most people wouldn't go into it if they knew what they were taking on. Initially they think they have more skills than

their employers ever let them use in employment, and they like the idea of having their freedom. But they mostly lack the ability to make the firm grow. Usually they have only one type of skill, and a small manager needs many skills. Then they usually get too bogged down with day-to-day pressures to take the time to improve, and just hang on hoping for a miracle that never comes".

He continued:

"Anyway, after 10 to 15 years of working for themselves, they're unemployable - they could never discipline themselves to working under supervision again. Also, they put an inflated value on their own services, and no-one would pay them what they think they're worth. I could take you to firms that have failed to grow and stagnated for years. One I know never shows a balance sheet profit but contents himself with a living wage and runs a Bentley on the firm. He knows he hasn't got what it takes to make the firm grow, and he won't sell shares and lose his freedom".

Leadership Style

Williams had always attempted to adopt an autocratic leadership style in accordance with his perceived needs of attainment of the entrepreneurial goals of independence and status. However, at Meldrum and Higgins Limited, Williams was required to limit his area of decision-making essentially to participation in strategic decision-making. For this purpose, a non-autocratic leadership style was structured by the committee form of decision-making enforced by the firm's board structure.

Job Satisfaction

Williams's level of job satisfaction appeared to vary with the degree of attainment of the "Artisan" ideal type entrepreneurial goals which his entrepreneurial role facilitated. Both his level of job satisfaction and degree of attainment of the "Artisan" goals were at a maximum during his initial years in self-employment.

He claimed that, during his later years in self-employment, his independence was increasingly constrained by the attitudes of his partner. Further, new employees at that time had not been former friends from leisure life, but people with whom he had had no previous association. Thus, his attainment of the entrepreneurial goals of picking co-workers and achieving status amongst new workers had been on the decline. In accordance with this situation,

ENVIRONMENTAL PERCEPTION

ENVIRONMENTAL SUP-ENVIRONMENTS							Environment Perception Quotient
Job Situation	Labour	Workforce Efficiency	External Aids	Technical	Market	TOTAL	
Time of entry into entrepreneurship (1957) - (corresponding to "Artisan" ideal entrepreneurial role type)	2	2	1	4	1	10	20 per cent
Immediately prior to takeover bid for Williams-Dellamy Limited (1967) - (corresponding to "Classical Entrepreneur" ideal entrepreneurial role type)	5	7	7	7	6	32	64 per cent
As Managing Director of Meldrum and Higgins Limited (corresponding to "manager" ideal entrepreneurial role type)	5	9	8	7	7	36	72 per cent

FIG. 2.

BUSINESS IDEOLOGY

NICHOLS'S THREE-CHOICE QUESTIONNAIRE (APPENDIX 1. C. 9)

Job situation	Symbol Used To Signify Business Ideology Held In Job Situation	Composition Of Business Ideology (based on questions below) Whilst In Job Situation		
		SR	IF	ITCI
Time of entry into entrepreneurship (1957)	(A: "Artisan")	3	1	
Immediately prior to takeover bid for Williams-Bellamy Limited (1967)	(E: "Classical Entrepreneur")		3	1
As Managing Director of Meldrum and Higgins Limited	(M: "Manager")		2	2

Composition Of Business Ideology In Above Job Situations			
Ideological Set	Subject Group		
	Redundancy	Purpose	Information
Social Responsibility (SR)	(A)	(A)	(A)
Laissez-Faire (IF)	(E)	(E)	(E) (A)
Long-Term-Company-Interest (ITCI)		(M)	(E) (M)

FIG. 3.

BUSINESS IDEOLOGY

APPENDIX 1. Q's: 11 - 15

Job Situation	Symbol Used To Signify Business Ideology Held in Job Situation	Composition Of Business Ideology (based on questions below) Whilst In Job Situation		
		SR	IF	ITCI
Time of entry into entrepreneurship (1957)	(A: "Artisan")	5	1	1
Immediately prior to takeover bid for Williams-Bellamy Limited (1967)	(E: "Classical Entrepreneur")		6	1
As Managing Director of Meldrum and Higgins Limited	(M: "Manager")		4	3

Ideological Set	Composition Of Business Ideology In Above Job Situations											
	(Q.11(iv))	(Q.12(i) (iii) (iv))	(Q.13(i))	(Q.14)	(Q.15)	Profit	Employees	Development Areas	Firing	Customers	Government	Association
Social Responsibility (SR)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Laissez-Faire (IF)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)
Long-Term-Company-Interest (ITCI)	(M)	(M)	(M)	(M)	(M)	(M)	(M)	(M)	(M)	(M)	(M)	(M)

FIG. 4.

Williams claimed level of job satisfaction had declined at this time as compared with the previous time above. Later, in employment as a professional manager, he had claimed a level of job satisfaction little higher than that claimed for his previous period in employment as a craftsman.

Role Time Intensivity

Williams's time intensivity of role performance appeared to reflect the content of role performance in its role time intensivity. As the entrepreneur passed through the sequence of ideal entrepreneurial role types: "Artisan"/"Classical Entrepreneur"/"Manager", his average length of working week declined until, as Managing Director of Meldrum and Higgins Limited, his 50 hours working week coincided closely with his role time intensivity in former employment.

Environmental Perception

The entrepreneur's "Environmental Perception Quotient" increased as he passed through the sequence of entrepreneurial role types (see Fig. 2).

Business Ideology

Business ideology appeared to vary with ideal entrepreneurial role type. The business ideology of "Social Responsibility" was strongly associated with the "Artisan" ideal type role; the "Laissez-Faire" ideology with the "Classical Entrepreneur" ideal type role, and the "Long-Term-Company-Interest" ideology with the "Manager" ideal type (see Figs. 3 and 4).

The Managerial Function and the Determination of an Acceptable Level of Profit (Appendix 1.0.11)

Williams claimed to have always perceived the function of management to be that of profit maximization. However, he claimed that, during his initial years in business, he had attempted to attain a level of profits consistent with the attainment of personal non-economic goals. But, since 1964 onwards, he claimed he had in fact attempted to pursue a policy of profit maximization.

Williams claimed that the factors which he took into account in determining an acceptable level of profit had changed over time. He said:

"In the case of owner-manager firms, the level of acceptable profit depends on what the owners are prepared to accept in line with their own priorities of independence, and tradition, etc."

In accordance with this statement, he selected factors 'k' (that commensurate with the attainment of non-economic entrepreneurial goals) and 'a' (that typical of the firm in the past) respectively as having been used in structuring the definition of an acceptable level of profit during the period 1957-64.

For the period 1964-7, when Williams claimed a principal entrepreneurial goal of 'economic rewards', he claimed to have used factors 'a', 'j' (that required to finance your desired living standard), and 'g' (the maximum you think your customers will understand). He said:

"I would take what the market will stand. I made over 50 per cent (profit on capital employed) in my last year at Williams-Bellamy (Limited) and if a market would stand a margin of 100 per cent, then I'd take it. I believe in sticking a price up as high as you can go as long as you can keep your custom and get all the work you want".

Williams said that, as a professional manager with Needham Industries, the parameters which he used in defining an acceptable level of profit were 'a' (that typical of the firm in the past), 'g' (the most you think your customers will stand) and 'c' (that typical of industry in the past), respectively.

Commenting on the first basis of determination of an acceptable level of profit, Williams said:

"You've got to think about what your public expects if you're a public company - otherwise it doesn't matter. I know owner-managers who have never shown a meaningful profit on their books but they manage to run a Bentley and they're quite satisfied. But it's not the same in a public company, you're responsible for other people's money and they care. What your public expects depends on what they've been used to. Look at Tesco supermarkets. (Williams held shares in this company.) They've just

announced profits up by 50 per cent and the shares have gone down because people traditionally expect more from Tesco. If most other firms could do as well, their shares would go up. People always want more than they've had before".

However, Williams said, in addition to the shareholding public, there existed, for him, an important public amongst top management within the Needham/Northern Metals group. In this context, he said that the principal factor determining an acceptable level of profit was the level previously achieved by Christopher Needham as Managing Director of Meldrum and Higgins Limited.

Of parameter 'g', Williams commented:

"Litho printing on metal will stand a 4 per cent margin on capital employed these days - go any higher and you lose the job. This place, (Meldrum and Higgins) used to be practically all printing on metal. That's why they got me in to develop the wirework side. I made over 50 per cent on capital employed in my last year at Williams-Bellamy".

Commenting on his third chosen basis of determination ('c'), Williams said,

"You need a minimum return on capital of 12 per cent these days - that's what the money market expects - otherwise you're not really in business".

At the end of the first financial year under his control, Meldrum and Higgins made a profit of approximately 4 per cent on capital employed in the firm. Evans expressed concern at this low rate of profitability, particularly in view of the fact that, under Christopher Needham's leadership, the firm had previously made profits of up to 15 per cent on capital employed.

Christopher Needham remarked on the firm's poor trading returns, stating that the group "Could not tolerate a subsidiary not pulling its weight". In view of this, Williams felt that he would be "on trial" and would be in danger of losing his job unless he succeeded in producing higher profit figures. He said:

"I am hired to make money and, if I fail, I'll be out on my neck - 5 year contract or no 5 year contract. The chairman has to keep the confidence of shareholders for his own good. If he can't make profits, he faces liquidation or a takeover by someone who can. And who wants to be chairman of a bankrupt company? Apart from financial

entrepreneurs, the Needhams are very conscious of their place in society, and their sense of business pride wouldn't allow them to be pointed out as 'business failures'.

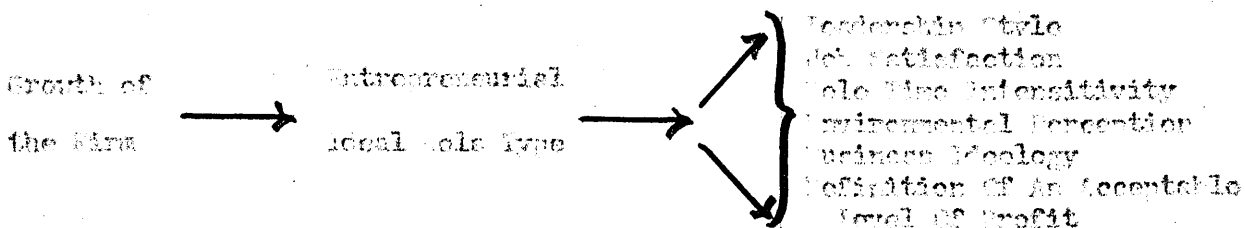
Thus, it appeared that, in his new role, Williams was reliant upon a satisfactory level of organizational goal attainment as a condition of attainment of his remaining entrepreneurial goals. Further, this minimum level of organizational goal attainment was defined as that which the firm had achieved under William's leadership previously, rather than any autonomous definition defined individually by Williams.

Summary

Thus, in summary, most of the variables studied appeared dependent upon the variable of entrepreneurial role type. The relationship between organizational and entrepreneurial goals; the leadership style adopted by the entrepreneur; his degree of job satisfaction; his job time intensitivity; the accuracy of his environmental perception, and his business ideology appeared to function as dependent variables of the entrepreneurial role type.

It appeared that the attainment of all of the eight entrepreneurial goals stated on the goal questionnaire (Appendix 1.0.4.) were desired at any point in time. Further, it appeared that each goal occupied a fairly clearly defined position on an aspiration - expectation continuum at any one time, and that the location of this position had governed the 'form' which the goal had assumed, i.e. latent (unstated), manifest (stated) or emergent (being stated at a low value for the first time).

Just as the ideal type role had acted as the causal independent variable influencing the above variables, organizational growth appeared to act as an independent variable having a causal relationship with ideal role type.



however, the impetus for organizational growth remains to be explained.

For, whereas the personal goals embraced by the "Managerial" ideal type role appeared closely aligned with the needs of organizational growth and profitability, those embraced by the earlier activated "Artisan" ideal type did not.

However, it appeared that growth, in the firms studied, was an operationalized element of the organizational goal of profit, i.e. growth appeared a "means" goal whereas profit was an "end" goal. The firms appeared undercapitalized at their conception, short of liquid trading capital, and initially hardly able to finance their owners' former living standards. Thus, mere survival had necessitated growth, even on occasions at the cost of independence where finance was recruited through additional partners. This had been the case even at Control Engineering where the "Artisan" ideal type goals had been valued very highly.

However, whereas Taylor at Control Engineering, had been unwilling to subordinate his artisan goals even to the extent required to ensure organizational survival, Williams had willingly subordinated his in order to ensure a viable working relationship with the organizational goal of profit.

As organizational growth facilitated entrepreneurial goal succession, the relationship between individually determined goals and those structurally ascribed by the organization changed. For, not only did the requirements of entrepreneurial goal attainment become increasingly dependent upon attainment of the organizational goal of profit, but the entrepreneurial goals became increasingly subordinated to the goal of profit. In the case of Williams this process proceeded to the extent of complete and total subordination of the "Artisan" goals. However, this latter situation derived not entirely from rational choice between goals, but partly from an optimistic perception of the situation. Whilst acting in accordance with the perceived needs of attainment of emergent and manifest "Manager" goals, Williams had appeared unaware that his actions were likely to challenge and undermine the continued attainment of the "Artisan" type goals.

CORRELATION OF VARIABLES WITH ROLE IDEAL TYPES

Dependent Variables	Ideal Entrepreneurial Role Types		
	Artisan	Classical Entrepreneur	Manager
LEADERSHIP STYLE	Autocratic	→ more delegating and consultative →	→
JOB SATISFACTION	High	→ decreasing →	→
ROLE TIME INTENSIVITY	High	→ decreasing →	→
ENVIRONMENTAL PERCEPTION	Poor	→ improving →	→
ENVIRONMENTAL CONTROL	Low	→ increasing →	→
BUSINESS IDEALOGY	Social Respon- sibility	Laissez-faire	Long-Term - Company Interest
ACCEPTABLE LEVEL OF PROFIT	Low	→ increasing →	→

STRATEGIES FOR THE ATTAINMENT OF ENTREPRENEURIAL GOALS

The principal strategies available for the attainment of entrepreneurial goals appeared to be as follows:

STRATEGIES FOR THE ATTAINMENT OF ENTREPRENEURIAL GOALS BASED ON THE "ARTISAN" ROLE

Strategies For The Attainment Of The Entrepreneurial Goal Of Independence

1. Restricting growth to within the limits permitted by internally generated profits.
2. Limiting the delegation of authority (by adopting an autocratic leadership style) in order to maximize the dependence of all organizational functioning upon the entrepreneur.
3. Avoiding the defining of precise areas of competence of subordinates (e.g. by specific job definitions) in order to avoid the creation of areas of functional privacy for subordinates.
4. Selecting a product-line associated with a leisure-life interest.
5. Resisting attempts by shop-floor workers to achieve trade union recognition within the firm.

Strategies For The Attainment Of The Entrepreneurial Goal Of Finding An Outlet For Personal Abilities

1. Participation in, and identification with, the growth of the firm.
2. Job expansion by assuming responsibility for as many facets of organizational functioning as possible.
3. Producing a product to a standard of technical excellence and subsequent identification with the final product.

Strategies For The Attainment Of The Entrepreneurial Goal Of Status

1. Personal hiring and firing to establish the employer-employee relationship.
2. Limiting the status of subordinates by adoption of an autocratic leadership style.

3. Recruitment into the firm of personal friends from leisure life and ex-peers from employment, i.e., individuals who previously had status parity with the entrepreneur.

Strategies For The Attainment Of The Entrepreneurial Goal Of Picking Co-Workers

1. Personal recruitment of personnel by the entrepreneur as opposed to delegating the function.
2. The recruitment of personnel on the basis of particularistic criteria, e.g., family connections or personal friendship, rather than on the basis of strictly universalistic criteria, i.e., functional competence.

STRATEGIES FOR THE ATTAINMENT OF THE "CLASSICAL ENTREPRENEUR" GOAL OF ECONOMIC REWARDS

Strategies For The Attainment Of The Entrepreneurial Goal Of Economic Rewards

The strategies adopted in an attempt to achieve attainment of this goal were essentially:

1. Adapting technological innovations to the needs of the market and profit maximization. This may involve diversification away from product-lines based on the entrepreneur's previous work of hobby interests and the elimination of superfluous technical sophistication.
2. The acceptance of alliances with outside bodies, e.g., outside finance agencies, trade unions, employers' organizations, etc.
3. The recruitment of staff on the basis of universalistic rather than particularistic criteria, i.e., providing employment on the basis of competence as opposed to family connections or extra-work social relationships.
4. Functional differentiation, job specification and the delegation of authority within the firm.

STRATEGIES FOR THE ATTAINMENT OF ENTREPRENEURIAL GOALS BASED ON THE "MANAGER" ROLE

Strategies For The Attainment Of The Entrepreneurial Goal Of Management Recognition

1. Achievement of a reputation for functional excellence as a manager. This strategy depends heavily upon the firm's profitability.
2. The attainment of important positions in voluntary organizations having relations with the business community.

Strategies For The Attainment Of The Entrepreneurial Goal Of Security

1. Striving for a high market value as a manager.
2. The accumulation of capital not subject to a high risk factor for its continued existence.

Strategies For The Attainment Of The Entrepreneurial Goal Of Building For The Son/s

1. Building a firm to leave to the son/s in order to guarantee the son/s a reasonable standard of living and gratification of goals of autonomy, status, etc.
2. The accumulation of financial and other resources (influential personal contacts, awareness of opportunities available etc.) to assist spouse in the development of a chosen career.

THE INFLUENCE OF THESE STRATEGIES FOR ORGANIZATIONAL GROWTH AND PROFIT GOAL ATTAINMENT

(i) Strategies For The Attainment Of 'Artisan' Type Entrepreneurial Goals

The quest for independence led to the adoption of an autocratic leadership style, and appeared to give rise to a zero-sum concept of power. The autocratic leadership style stemmed out of a characteristic idiosyncratic, as opposed to formalised bureaucratic, style of management. In this situation, the influence of the entrepreneur's personal goals and characteristics were likely to be maximized. This is what Frank Williams termed "emotional management" in a situation where the firm represented "an extension of the entrepreneur's own personality."

It appeared that a characteristic of idiosyncratic management was

a zero-sum perception of power where power delegation was seen as power loss, with accompanying consequences for entrepreneurial independence. In accordance with the requirements of attainment of the goal of independence, an essentially autocratic leadership style was adopted. This both satisfied the entrepreneur's individual requirements for independence, and facilitated his continued perception of a consensus situation again consistent with his perceived requirements of independence, amongst subordinate managers.

Williams had said:

"I was supreme boss at Williams-Bellamy Limited. Then I saw things in black and white. I saw people as being either with me or against me. But, working in a public company, I know that, whatever I do can only please two-thirds of my managers at the most, and the rest are self-starters who speak their minds. Also, you have to delegate to them and they have possibilities for independence in performing their jobs so they can interpret orders in the way they want to - you can't watch over them like you can in a smaller firm."

John Sinclair said that he "would like to think" that he adopted a consultative leadership style, but that he probably enforced his own will by "force of argument."

In addition, Ian Wilkin justified an essentially autocratic leadership style by saying that he was "very receptive to good ideas." However, his subordinates claimed that Wilkin had reserved the description of "good" to his own ideas. Bridges had said "Mister Ian is definitely master here."

The acknowledgement of areas of conflict within the firm can be seen as being synonymous with the admittance of "privatised" areas within the firm not totally under entrepreneurial control.

In addition, the adoption of an autocratic leadership style was interpreted in terms of its potential as an instrument safeguarding the entrepreneur's status within the firm by maximizing and reinforcing status differentials.

Thus, the pursuit of the "Artisan" type entrepreneurial goals appears bound to result in the adoption of an idiosyncratic style of management where the firm is perceived by the entrepreneur to represent an extension of the

entrepreneur's own personality. Here, any power delegated is likely to be seen as synonymous with a decrease in functional independence and likely to be resisted. Growth is only likely to occur in any measure when the entrepreneur subscribes to a positive-sum perception of power. Here, power delegated will be seen as leading to an overall increase in the power manifest within the firm, the sum total of which constitutes an element in the entrepreneurial environment. Here, a transition from idiosyncratic management to bureaucratic management occurs.

A feature of the change is likely to be a readiness to employ functional specialists, and to make use of outside financial aids.

(ii) Strategies For The Attainment Of The 'Classical Entrepreneur' Entrepreneurial Goal.

The adoption of "Economic Rewards" as a principal entrepreneurial goal structured a closer alignment between entrepreneurial and organizational goals. However, at the same time, the requirements of attainment of the "Artisan" goals on the one hand, and the "Classical Entrepreneur" goals on the other, were in some measure contradictory. For instance, Strategy 1 above challenged the attainment of the "Artisan" goal of "Finding An Outlet For Personal Abilities"; Strategy 2 challenged attainment of the "Artisan" goal of "Independence"; Strategy 3 challenged attainment of the "Artisan" goal of "Being Able To Pick The People You Work With"; and Strategy 4 challenged attainment of the "Artisan" goal of "status." The latter two goals were challenged to a greater extent than the former two goals. As a result, the former goals continued to be valued as goals, whereas the latter goals were perceived as being less realistic in their attainment and were thus valued less highly.

(iii) Strategies For The Attainment Of The 'Manager' Entrepreneurial Goals

Achievement of these goals appeared to be strongly dependent on the

attainment of organizational profits. As a result, it was Frank Williams who appeared to experience less discretion than any of the other entrepreneurs studied vis-a-vis the determination of a profits policy.

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7.0 CONCLUSIONS AND THEORETICAL IMPLICATIONS

7.1 CONCLUSIONS

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7.1.2 THE ENTREPRENEURIAL-ORGANIZATIONAL GOAL RELATIONSHIP

7.1.3 THE ORGANIZATIONAL-SOCIETAL GOAL RELATIONSHIP

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7.1. CONCLUSIONS

The present research adopted as its focal point of study, higher participants in small manufacturing firms in the printing and electronics industries in the Kingston-Upon-Thames area of Surrey.

The principal findings of the study were centred around the observed process of entrepreneurial goal succession. Entrepreneurial goals were shown to change over time conforming, at any one time, more or less closely, to one of three ideal type entrepreneurial roles each based upon a separate latent social identity.

The entrepreneur's motivation to pass through the sequence of entrepreneurial role types (see Methodology Chapter 3 for a description of this) appeared to be based upon conformity to culturally prescribed behaviour. This, in turn, acted to resolve the entrepreneur's feelings of social marginality by creating areas of marginality-free social relationships in the entrepreneur's social environment. Thus, the process of cultural conformity appeared to be closely associated with the entrepreneur's experience of marginality-free relationships.

The process of entrepreneurial role succession was seen to have implications for other aspects of the entrepreneur's activities such as his relationship with organizational and societal goals; his job satisfaction; role time intensitivity; business ideology, etc.

In addition to a consideration of the above observations in this chapter, an attempt is made to appraise the consequences of the research for a theory of the small firm. The role of the entrepreneur as a principal decision-making force in the small firm is discussed from a symbolic interactionist viewpoint; a model of the firm's relationships with the environment in terms of sub-environments grounded in the research (see research case-studies in appendices) is presented, followed by a discussion of the research implications for the notion of organizational goal and the assessment of organiza-

tional effectiveness in the small firms studied.

7.1. ENTREPRENEURIAL GOALS

The Descriptive Characteristics Of Entrepreneurial Goals: Identity, Basis And Form.

Using the definition of an entrepreneurial goal as a present or future state of affairs which the entrepreneur values, and towards which he directs efforts for attainment once the goal has been defined as being realistic in its aspiration, such goals appeared from the research to be characterized by three descriptive parameters: IDENTITY, BASIS and FORM.

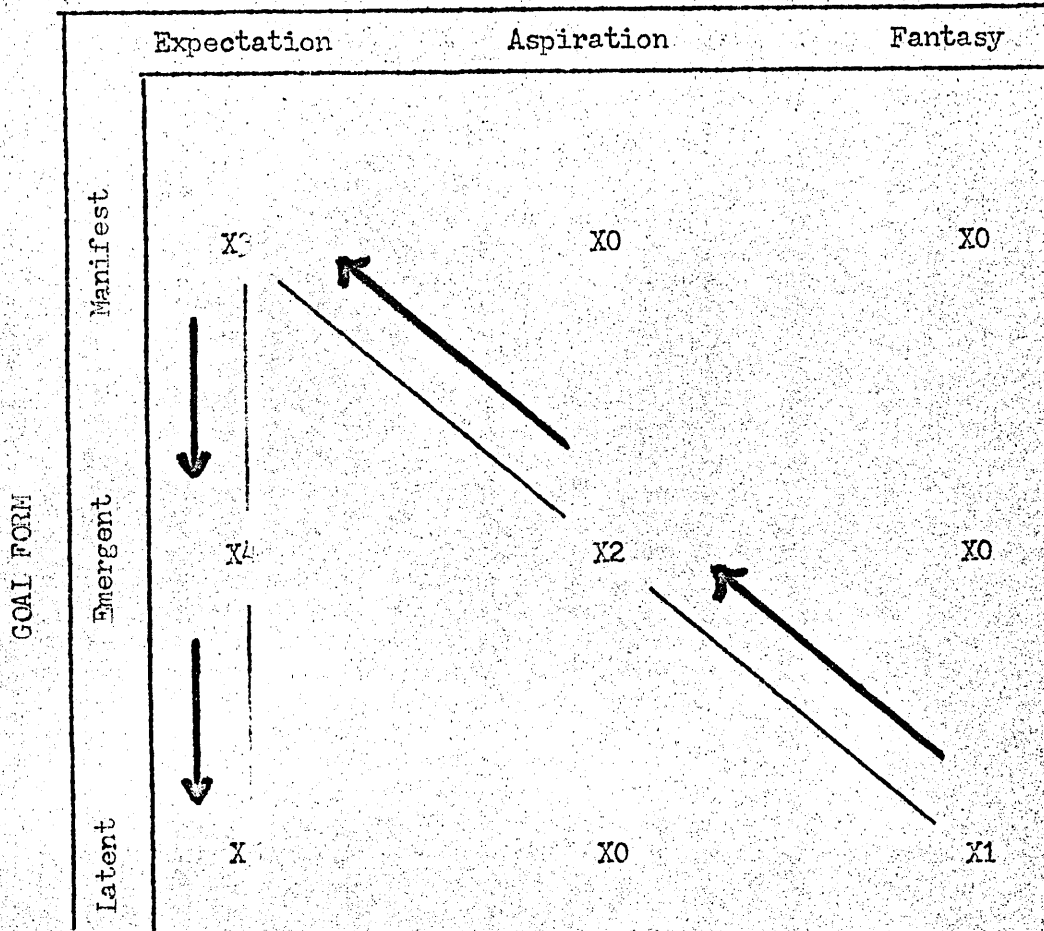
The IDENTITY of a goal was expressed in terms of the definition of the state of affairs expected to exist in the event of the goal's attainment. In the context of the present research, the operationalized goal identities were those presented in the entrepreneurial goal questionnaire (Appendix 1. Q.4).

The BASIS of a goal was expressed in terms of the character of probability of goal attainment, and occupied a position along a fantasy-aspiration-expectation continuum.

The FORM of a goal was defined by one of three fairly precise situations: latent, emergent, and manifest. Whilst all of the entrepreneurial goals presented in the research questionnaire were considered to constitute a part of business culture as defined by Bunzel,¹ Nichols,² etc., some of them were likely to be considered unrealistic in their aspiration at any one time and remained unstated, i.e., latent. Stated goals, on the other hand, were considered manifest or emergent.

It was found that a goal, with a given identity, was structurally preferred towards occupying one of the five positions shown in Fig. 1, in which goal basis and goal form are congruent, based upon a framework of entrepreneurial expectations. The remaining positions outlined in Fig. 1, and designated Xo, appeared unstable and likely, in the light of the force of

GOAL BASIS



GOAL BASES: Fantasy - founded upon enthusiasm

Aspiration - founded upon what appears possible within the entrepreneur's current frame of reference

Expectation - founded upon what has previously been established as being possible

GOAL FORMS: Latent - goal valued but not stated

Emergent - goal valued and in process of becoming stated or ceasing to be stated

Manifest - goal valued and stated

FIG. 1

experience acting upon the entrepreneur, to be subsequently modified and directed towards occupying one of the five designated positions, X1...X5. Further, the research showed that, in accordance with the process of goal succession, the value which the entrepreneur attached to any entrepreneurial goal followed a sequence beginning at X1 and terminating at X5 with goal form the dependent variable.

For instance, when the goal basis was fantasy, (e.g., the goal of "recognition in the field of management," during the initial stages of entrepreneurship when even the firm's survival was problematical), the goal form was latent and the goal, occupying position X1, was not claimed by the entrepreneur.

However, once the goal basis developed towards aspiration (e.g., the goal of "recognition in the field of management" once the firm had successfully embarked upon a policy of growth), then the goal form transformed to emergent, occupying position X2, and the entrepreneur began to claim the goal identity.

The value attached to the goal then increased until the goal basis became one of expectation (e.g., the goal of "recognition in the field of management" when the small firm was bought out by the public company and the entrepreneur retained as Managing Director), when the goal form became expectation, occupying position X3.

With the situation at X3 and, in the light of continuing goal attainment, the value attached to a goal was likely to decrease to occupy positions X4 and X5. That is, with the goal basis remaining at the expectation level, the value which the entrepreneur stated for the goal tended to decrease because, in the light of its continued basis of expectancy, it began to lose its character as a goal, i.e., something which must be striven for. Thus, with goal basis constant at expectation level, the goal moved through a continuum of manifest, emergent and then latent forms.

Alternatively if, at situation X3, the opportunities for goal attain-

ment were seen to disappear (e.g., when the chances for attainment of management recognition were seen to decline), then positions X2 and X1 respectively, were likely to be re-adopted in that order.

The research suggested that each of the entrepreneurial goals operationalized for examination (see Appendix 1, Q.4.) possessed potential for passing through the sequence of positions X1 to X5 consequent upon the stage of entrepreneurship reached. The first stage was characterized by the high value attributed to "Artisan" ideal type entrepreneurial goals possessing a high level of intrinsic job satisfaction. The second stage was characterized by the high value attributed to "Classical Entrepreneur" ideal type goals having an essentially economic nature. The third and final stage was characterized by the high value attributed to "Manager" ideal type goals involving an external job satisfaction.

Thus, the model developed claims to be able to predict the goals of the entrepreneur at any stage of entrepreneurship.

Entrepreneurial Role Types And Their Associated Entrepreneurial Goals

The three entrepreneurial ideal role types isolated by the research, 'Artisan', 'Classical Entrepreneur' and 'Manager', respectively, were associated with the following entrepreneurial goals:

<u>"Artisan" Entrepreneurial Goals</u>	<u>Orientation Of Job Gratification Using A Workplace Frame Of Reference</u>
Finding an outlet for personal abilities	Intrinsic
Independence	Intrinsic
Being able to pick the people you work with	Intrinsic
The status associated with being your own boss	Intrinsic (possibly extrinsic)
<u>"Classical Entrepreneur" Entrepreneurial Goals</u>	
Economic rewards	Extrinsic

"Manager" Entrepreneurial Goals

Achieving recognition in the field of management	Extrinsic
Building something to leave to the son/s	Extrinsic
Security	Extrinsic

The Actor's Perceptions Of The Entrepreneurial Role

The meaning that the entrepreneur brought to his work situation was seen to be open to interpretation in terms of parameters determined by his past experiences and future expectations as well as his current situation. Thus, the entrepreneur's social milieu of origin, his current experiences as an entrepreneur, and his expectations of future success in business were invoked as major factors influencing his interpretation of the situation in which he found himself. In turn, these factors structured his expectations of individual entrepreneurial goal attainment, thus structured the selection of goals which he considered realistic in their aspiration (and to which he was therefore likely to devote considerable energies), and alternative goals which he considered less realistic in their attainment (and to which he was therefore likely to devote fewer energies).

The essential factors structuring the identity and form of entrepreneurial goals were found to be the entrepreneur's social milieu of origin and the firm's own growth and resulting process of bureaucratization. The latter may be seen as an integral part of the business culture of capitalist society and involves a need for the interpretation of what constitutes competent business behaviour.

Social Milieu Of Origin As A Factor Influencing The Entrepreneur's Perception Of The Entrepreneurial Role

The social milieu of first generation entrepreneurs was essentially working-class or marginal middle-class. Consequently, it was against a back-

ground of past experiences as an employee that the work situation encountered in entrepreneurship was interpreted.

The social milieu of second and subsequent generation entrepreneurs was assimilated middle-class, and entry into entrepreneurship was essentially structured by a formalized property transfer within the entrepreneurial family. Thus, the factors structuring interpretation of the work-place situation were different from those above.

Organizational Growth As A Factor Influencing The Entrepreneur's Perception Of The Entrepreneurial Role

Just as the meaning that the entrepreneur brought to his work situation appeared to be a central factor governing his understanding and interpretation of that situation, changes in his individual work situation (usually brought about by the often haphazard process of organizational growth) were also seen to influence and modify the meaning which the work situation subsequently held for him.

Thus, the research revealed a dynamic interaction process occurring between the individual's workplace situation, and the meanings that he attached to this situation. The growth of the firm, which was instrumental in facilitating attainment of goals held at the time of entry into business, structured a situation leading to additional goals being perceived as realistic in their attainment, i.e., the firm's growth involved a change in the firm's meaning for the entrepreneur.

However, the entrepreneur's attempts to attain gratifications based upon newly aspired goals were seen to sometimes undermine the attainment of goals formerly taken for granted. Thus, once again, a modified interpretation of his work situation led the entrepreneur to re-define the meaning of his work situation by recognizing many of his previously achieved goals as being subsequently unattainable.

hierarchy of human needs (see Thesis Chapter Two). Using this model, Maslow has predicted that, as soon as the needs situated on a particular level of the hierarchy are satisfied, those on a higher level will emerge and demand satisfaction.

Maslow's hypothesized human needs are formulated in terms of a five level hierarchy:

- (1) basic physiological needs;
- (2) safety needs (economic rewards and a predictable orderly environment, etc.);
- (3) social needs (based on group membership);
- (4) esteem needs (based on independence, competence, self-confidence, etc.);
- (5) self-realization needs (creativity, self-fulfilment and continued self-development).

Maslow assumes that such needs are predetermined in the individual at birth. Thus, Maslow ignores the influence of culture and other social experiences in the determination of individually perceived needs. By effectively postulating that the infant knows the nature of social needs even before he is socialized into the customs and processes of social behaviour, Maslow implies that man will develop strategies of social behaviour based on the above hierarchy of needs. This situation, it is to be assumed, will be designed to facilitate the attainment of personal goals (based on human needs), in accordance with an ordering based on the postulated hierarchy.

The present research, however, has shown that the "higher" needs from Maslow's hierarchy may in fact be sought and attained even prior to the adoption of goals based on needs situated lower in the hierarchy. For instance, the goals associated with the "Artisan" ideal entrepreneurial role type were instrumental in satisfying "needs" at the social esteem, and self-realization levels of the hierarchy (note in particular the entrepreneurial goal of "Finding an Outlet for Personal Abilities").

It was only after such goals had been satisfied that the "Classical Entrepreneur" ideal type of entrepreneur adopted economic rewards as a principal entrepreneurial goal. It will be noted that Maslow's corresponding "safety need" is situated at a lower level in his hierarchy of human needs than are the needs on which "Artisan" goals were based.

Thus the process of goal succession observed by the research has shown that the individual's perceptions of his "human needs" is socially or culturally structured as well as being influenced by innate factors.

The research work yielded results indicating that, in the firms studied, entrepreneurs actively pursued goals in addition to those structurally prescribed by the organization.

The entrepreneurs made working adjustments in subordinating elements of both structurally prescribed (organizational) goals, and individually assigned (entrepreneurial) goals, in an attempt to resolve the role conflict involved in rigid adherence to both sets of goals at any one time. The firms which survived were those in which the resultant relationship between these two sets of goals was established at, or above, a level consistent with the minimum requirements of organizational goal attainment.

In all of the firms studied, organizational growth appeared to have been institutionalized as a strategy facilitating the attainment of both entrepreneurial and organizational goals. In addition, the objective of a continually increasing level of organizational goal attainment, (i.e. profit) appeared to have been institutionalized.

Concurrent with the attainment of organizational growth and profitability, the research revealed a process of entrepreneurial goal succession (see above). The latter process involved an increasingly close alignment between entrepreneurial goals and the needs of organizational goal-attainment. At the same time, the need for increasingly competent business behaviour, facilitated a decline in the entrepreneur's autonomy for pursuing goals of a non-economic nature.

The Entrepreneurial Role And Entrepreneurial Discretion In Pursuance Of The Profit Goal

The hypothesized process of goal succession was seen as structuring a continuing trend away from goals based upon intrinsic job gratifications, e.g., independence, and towards goals based upon external job gratifications, e.g., recognition in the field of management.

The individually determined goals associated with the "Artisan" ideal role type were often at variance with the organizational goal of profit, and the degree of entrepreneurial discretion exercised in defining individual goals was at a maximum. However, as the "Artisan" type goals were attained, the individually determined goals associated with, firstly, the "Classical Entrepreneur" and then the "Manager" ideal types were aspired towards. The requirements of attainment of these individual goals were increasingly associated with the requirements of attainment of the organizational goal of profit maximization and, in many cases, involved sacrificing the entrepreneurial goals formerly attained, e.g., independence.

Thus, the process of individual goal succession was seen as being associated with a decrease in entrepreneurial discretion, and a sacrificing of the goals formerly pursued which had often been at variance with the needs of organizational goal attainment.

7.1.3. THE ORGANIZATIONAL-SOCIETAL GOAL RELATIONSHIP

The observed process of entrepreneurial goal succession accompanying growth involved an increasingly dependent relationship between the needs of entrepreneurial goal attainment on the one hand, and the requirements of organizational goal attainment on the other.

In addition, as firms grew, the frequency with which National Government was mentioned by entrepreneurs, in the context of important relationships encountered in the entrepreneurial environment, increased. Thus, it appeared that the degree of societal-organizational goal congruency (what Galbraith terms "goal consistency")⁴ constituted an increasingly important factor influencing the success of the firm.

Whilst societal goals may be considered a questionable concept, the notion presents a useful referent situation. A Government's concern with national issues is really a concern with managerial culture. However, as Selznick showed in his, 'TVA and the Grassroots',⁵ the interests of the indiv-

At a general level, a degree of societal-organizational goal consistency was imparted to the sample firms studied by virtue of their membership of manufacturing industry as opposed to service industry. A direct result of this situation was the refunding of their Selective Employment Tax payments. However, this apart, it appeared to be the larger firms in the sample which were most influenced by their relationships with National Government.

For instance, James Stanley Limited, secured a bank loan of £100,000 during a period of nationally enforced economic restraint. The firm's ability to secure this loan was structured by the existing congruency between the societal goal of exporting to secure a balance of payments surplus abroad, and the organizational goal of profit secured at an operational level by sales of the firm's products in Western Europe and the U.S.A. In addition, the firm had benefited from the Government's export incentive scheme prior to its termination in January 1968.

The other 101-200 employee firm, Printed Cartons and Company Limited, along with James Stanley Limited, appeared to benefit from devaluation of the pound. Though Kenneth Nicholson claimed that "no-one" benefited from devaluation, a comment in the "Investors' Chronicle" said that, as a result of many of the firm's customers being exporters, devaluation could do the firm "nothing but good." However, the fact cannot be overlooked that devaluation, whilst apparently assisting the profitability of the James Stanley and Printed Cartons firms, represented a crisis situation for society as a whole.

The Entrepreneurial Role And Entrepreneurial Discretion In Pursuance Of Societal Goals

The influence of societal goals upon prospects for entrepreneurial goal attainment appeared to be most prominent in the case of the larger firms studied. It was the largest firms - James Stanley and Printed Cartons - whose interests were most closely aligned with the societal goal of achieving a balance of payments surplus.

made a successful take-over bid for Printed Cartons) who received an O.B.E. for his services to exports (an operationalized element of the societal goal of achieving a balance of payments surplus). This award, in turn, possessed potential for bearing upon the entrepreneurial goal of "recognition in the field of management."

Roy Stanley was able to borrow capital for expansion during a period of national economic restraint as a result of the firm's export record. This, in turn, facilitated organizational growth with its consequences for intrinsic job gratification (e.g., "finding an outlet for personal abilities" by steering the firm's growth) and entrepreneurial goals associated with the other ideal role types. For instance, Stanley claimed that the firm's expansion would result in possibilities for dividing an enlarged empire amongst two or more sons, should he expand his family of one son. In addition, Stanley saw the firm's growth as affording him attainment of the goal of security ("a firm of this size can afford to slip a long way before you're really in danger of extinction"). Thus, the close alignment between the conditions of attainment of societal goals and entrepreneurial goals respectively, facilitated interaction patterns structuring the attainment of both.

However, the interaction pattern between the requirements of attainment of the societal goal of regional industrial dispersment, and the entrepreneurial goal of independence appeared to be strictly at variance. Thus, at a general level, there appeared to be a greater degree of congruence between societal goals (to the extent that they are aligned with business culture), and the entrepreneurial goals of the 'Manager' type, than between societal goals and entrepreneurial goals of the 'Artisan' type. This situation acts to indicate the structural marginality of the smaller entrepreneur of the 'Artisan' ideal type.

The author approached the question of leadership style from the viewpoint of three levels of decision-making and four leadership styles. The levels of decision-making - strategic, administrative and communicational - were arranged on a continuum of declining relevance to the firm's relations with the external environment. The leadership styles, on the other hand - autocratic, persuasive, consultative and democratic - were arranged on a continuum of declining entrepreneurial involvement.

The process of entrepreneurial role succession appeared to be accompanied by a trend away from the initial exercise of an autocratic leadership style at all three levels of decision-making, and towards the adoption of a more consultative and democratic leadership style at the administrative and communicational levels of decision-making.

The process of bureaucratization, accompanying the growth of the firm, appeared to make the operation of an autocratic leadership style by the entrepreneur, throughout the firm's decision-making infrastructure, impossible. As a result, he tended to delegate authority on more day-to-day issues whilst maintaining an autocratic leadership style in strategic decision-making affecting the firm's relations with its environment.

7.1.5. DIMINISHING JOB SATISFACTION AS A VARIABLE OF ENTREPRENEURIAL ROLE SUCCESSION

The subordination of intrinsic job gratifications to the needs of organizational goal attainment, which accompanied the development from the "Artisan" to the "Classical Entrepreneur" and then "Manager" ideal role types, resulted in a decline in the level of experienced job satisfaction.

The corollary of this situation is that the gratifications associated with the "Manager" ideal type, e.g., recognition in the field of management, were found essentially outside the firm.

7.1.6. THE DIMINISHING TIME INTENSIVITY OF ROLE PERFORMANCE AS A VARIABLE OF ENTREPRENEURIAL ROLE SUCCESSION

A grounded hypothesis, generated out of the research data, related the time intensivity of role performance to movement along the Artisan/Classical Entrepreneur/Manager continuum. This relationship was seen as being guided by three processes associated with role succession. These were as follows:

1. Functional Specialization: a movement away from decision-making at three levels towards decision-making at one level. Functional differentiation within the firm was observed to increase with the growth of the firm. The resulting process of role specialization was seen to involve the entrepreneur discarding direct responsibility for certain functions: principally design and manufacture, the sales function and personal responsibility for internal paperwork systems (estimating, buying, production scheduling, etc).

Bechhofer and Elliott⁶ point out that the small shop-keeper is an owner, a manager and a worker in his own business. This situation is duplicated in the case of the "Artisan" above. However, the "Classical Entrepreneur" delegates his worker duties and essentially performs the functions of owner (or investor) and manager. Finally, the "Manager" delegates the functions of the worker and some of the functions of the owner (i.e., financial control) to subordinates, and is essentially responsible for managing the firm's future development.

2. Diminishing Job Satisfaction: the diminishing level of intrinsic job satisfaction accompanying goal succession makes the workplace less appealing to the entrepreneur.
3. Greater Opportunities For Increasing The Quality Of Non-Work Life: the attainment of a level of organizational profitability sufficient to finance a consumption oriented life-style appears likely to increase the quality of non-work life, and thus reinforce the dichotomy between work-life and leisure-life.

7.1.7. BUSINESS IDEOLOGY AS A VARIABLE OF ENTREPRENEURIAL ROLE SUCCESSION

The research revealed a correlation between business ideology and entrepreneurial role type. The "Artisan" entrepreneurial role was generally

associated with an ideology of "Social Responsibility;" the "Classical Entrepreneur" role with an ideology of "Laissez-Faire," and the "Manager" role with an ideology of "Long-Term-Company-Interest."

Whilst this generalization has certain appeal from a symmetrical viewpoint, the author is aware of the dangers of oversimplifying reality. Though the "Artisan" role holders subscribed towards an ideology of 'Social Responsibility' at a general level, this did not apply in the case of all of the ideological sets used. For instance, their response to Nichols's ideological set (see Appendix 1. Q:9) concerning involvement in community affairs was almost always consistent with a 'Laissez-Faire' standpoint. In addition, the forced choice questionnaire technique used was itself seen to be subject to limitations because entrepreneurs did not always see the questionnaire alternatives as being mutually exclusive. The latter point is demonstrated most clearly in John Sinclair's justification of profit, in which he justified different levels of profit with reference to different ideological sets (see Appendix 1. pps: 167/8).

7.1.8. ENTREPRENEURIAL PERCEPTION AS A VARIABLE OF ENTREPRENEURIAL ROLE SUCCESSION

The entrepreneur's perception of the environment increased with his passage through the sequence of ideal role types. This occurred as a result of his increased socialization into, and acquaintance with, the business environment. In addition, his employment of functional specialists, accompanying the growth of the firm, increased the knowledge and knowhow directly available to the entrepreneur.

7.1.9. THE ENTREPRENEUR'S BUSINESS ENVIRONMENT

Section 7.2.3 (below) considers the entrepreneurial environment from the viewpoint of the continually expanding social areas of society, within which the entrepreneur enjoyed marginality-free relationships, as a variable

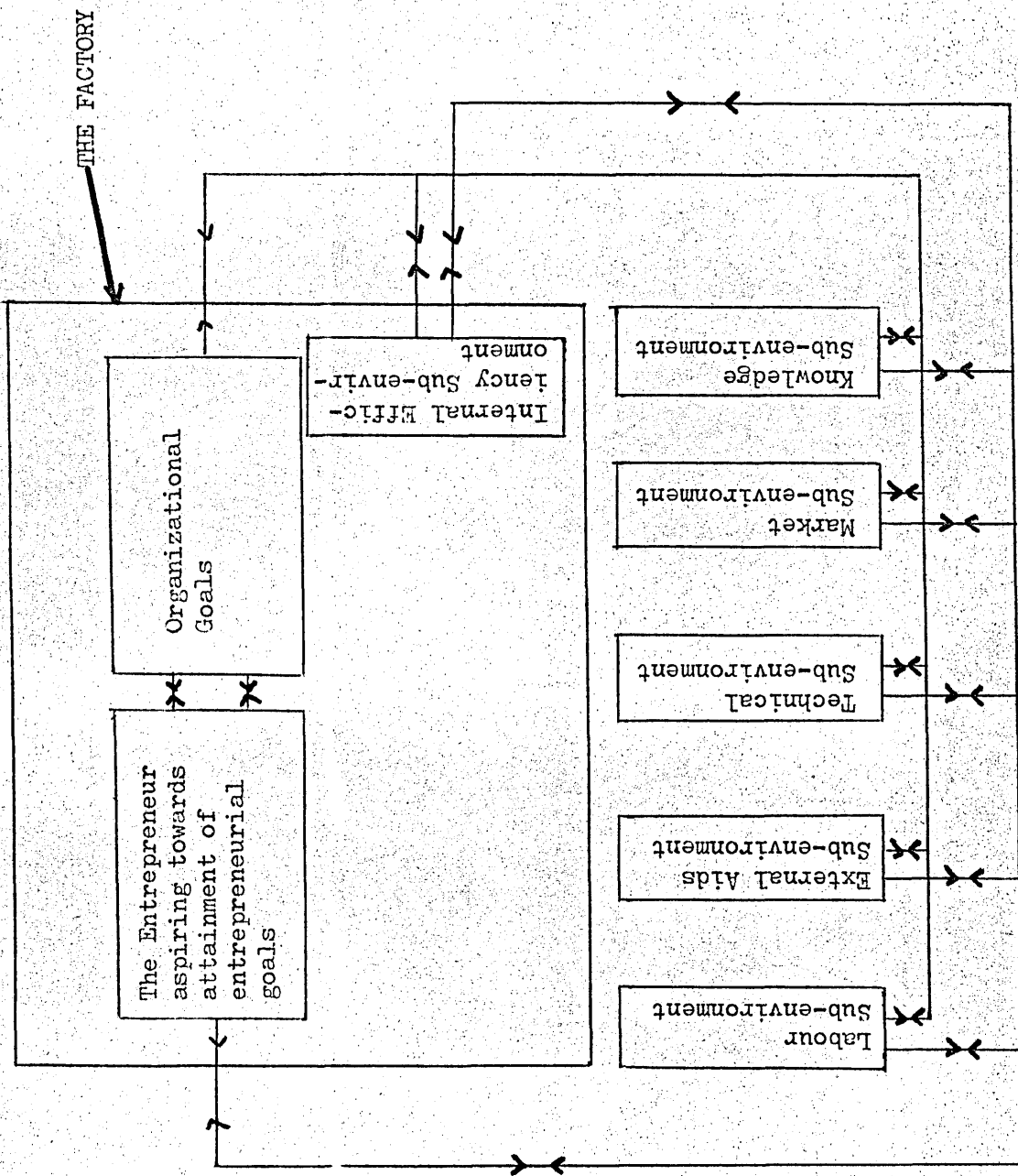


FIG 2 : THE ENTREPRENEUR'S LOCAL BUSINESS ENVIRONMENT

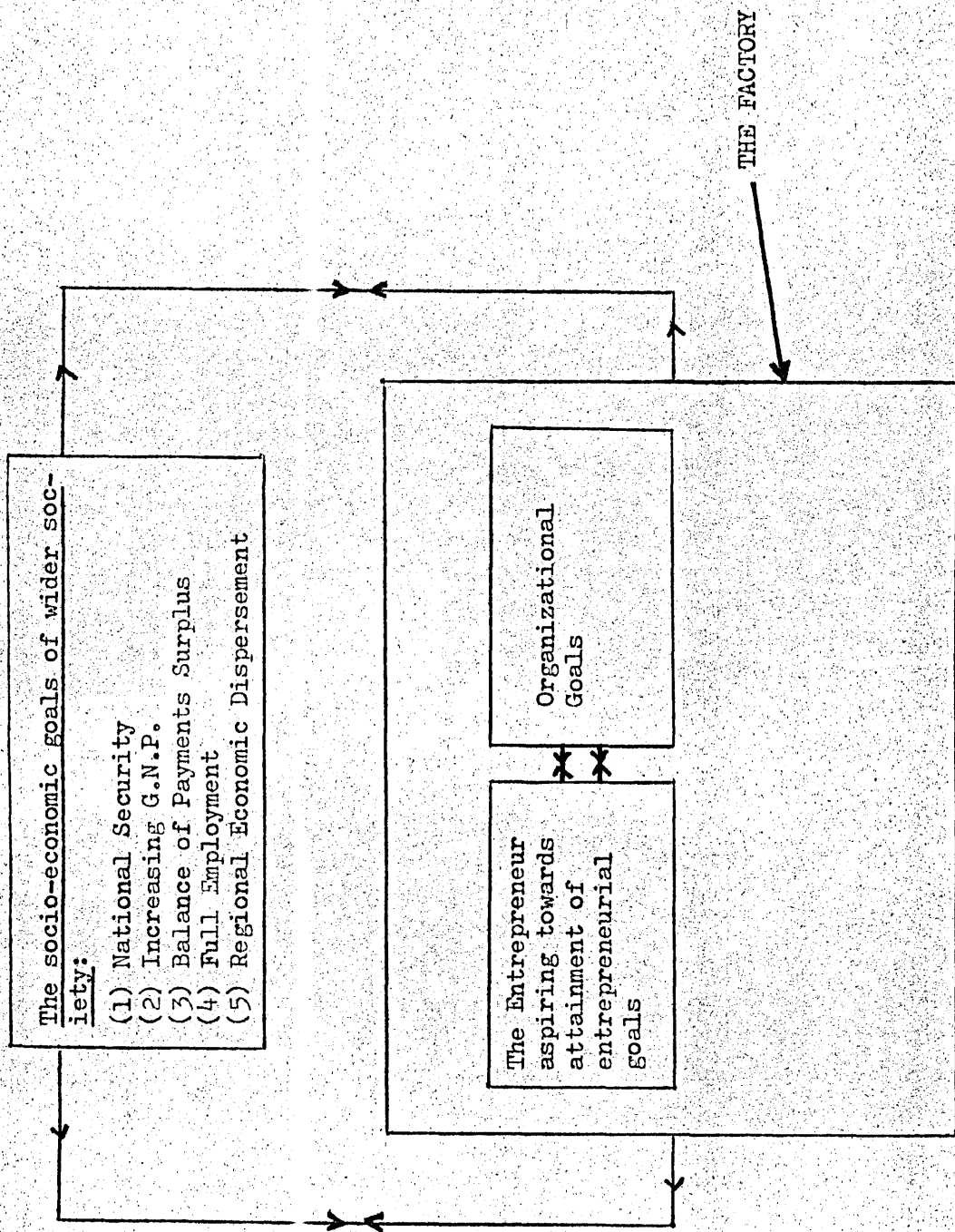


FIG 3 : THE ENTREPRENEUR'S WIDER BUSINESS ENVIRONMENT

of the firm's successful growth.

The two principal components of the entrepreneur's business environment appeared essentially synonymous with his delineated social environments E1 and E3 - the former constituting the internal workplace environment and the latter the wider business environment.

The immediate business environment of the entrepreneur was composed essentially of six sub-environments (see Fig. 2). One of these, the 'Workforce Efficiency' sub-environment was essentially synonymous with the E1 area of the entrepreneur's social environment. The other five elemental sub-environments were essentially constituents of the E3 area of the entrepreneur's social environment. For these sub-environments were essentially dominated by larger bodies, thus rendering the entrepreneur's situation marginal.

In the smaller firms studied, e.g., Modern Offset and Control Engineering, the firms' major problems were stated largely in terms of interactions within the firm - environment (E1). Such problems were usually verbalised in terms of difficulties encountered in recruiting staff, developing internal control procedures, and coping with difficulties stemming from the indivisibility of labour. On the other hand, the larger firms amongst the sample, e.g., Printed Cartons, James Stanley, and G.S. Gridley, stated their major problems largely in terms of interactions with the wider business environment - essentially environment E3 (see Fig. 3). Thus, an examination of the major problems stated by entrepreneurs displayed interaction patterns moving from the E1 to the E3 environment with the firm's growth in size.

7.2. THEORETICAL IMPLICATIONS

The author considers this to be an appropriate point in the thesis to refer back to the thesis title: 'A COMPARATIVE STUDY OF THE EFFECTIVENESS OF SMALL BUSINESS ORGANIZATIONS - Towards an Economic Interactionist Theory of the Small Firm'. This title represents a broad description of the nature

of the study and its theoretical implications will be considered below.

7.2.1. THE COMPARATIVE NATURE OF THE STUDY

The research was based on a comparative study of printing and electronics firms in the 0-200 workforce sizeband. Thus, the essential variables isolated for comparative purposes were organizational technology and size.

Technology

The two industries chosen for study - printing and electronics - were chosen on the basis of their distinctive characteristics and differences (see chapters 4 and 5). The printing industry is essentially a traditional craft-based industry characterized by small firms; it is highly unionized; has a large male contingent amongst its workforce; devotes relatively few of its resources to research and development; has little if any reliance upon government contracts; is British owned, and produces essentially for the home market. The electronics industry, on the other hand, is a modern science-based industry characterized by large firms; it is less highly unionized than the printing industry; employs almost as many women as men; devotes a substantial proportion of its resources to research and development; enters into joint projects with national government; is partially American owned, and exports a fairly substantial proportion of its total output.

The industry characteristics outlined above were essentially reflected in the research sample. For instance, of the four electronics firms studied, the three larger ones carried out substantial research and development work, and were reliant upon exports for a fair proportion of their total sales. This situation did not apply to any of the printing firms studied. On the other hand, two of the four printing firms were unionized, and Leadprint has become unionized since the completion of the research. None of the electronics firms were unionized.

The comparative nature of the study was further increased by the inclusion of Frank Williams, from the general engineering sector of manufactur-

ing industry, in the project.

However, the social processes observed by the research appeared to be little influenced by the variable of technology. They were more strongly influenced by the growth process of firms within the industries studied.

Organizational Size

The major social processes observed in the research - those associated with entrepreneurial goal succession - appeared to be strongly influenced by the stage of the firm's growth within the resident industry.

The goals of first-generation entrepreneurs in both industries appeared similar. From thereon, entrepreneur's goals appeared to be structured by the growth process of the firm, and the consequences of this growth upon his role autonomy and definition of his situation.

These findings are essentially at variance with the socio-technical approaches of Woodward⁷ and Burns and Stalker⁸, but accord more closely with the action approaches of Goldthorpe et al.⁹, Barry and Sadler¹⁰ and Silverman.¹¹

The research generated three ideal entrepreneurial role types, and it appears likely that, by the time a firm has grown to be large, the salient role type will be that of the "Manager." Thus, the fairly rapid change in entrepreneurial goals witnessed in the small firm may level out as the firm becomes large. It is possible then that the firms studied were below a threshold size at which technology becomes the vital determinant of managerial behaviour. On the other hand, even in the large firm where the constraints on management action appear greater than in the small firm, these constraints may be weighted in terms of the expectations of other actors as much as, or more than, those based on the technical needs of the organization.

The autonomy experienced by the entrepreneur in defining his role, lends itself towards an interactionist analysis for an understanding of the processes by which individually determined goals were defined and enacted.

The various definitions of organization tend to lay emphasis on either the co-operative processes of interaction by which organizations function or, alternatively, upon the goals which the interaction processes serve.

Organizational effectiveness is essentially recognized by the various schools of thought as being synonymous, at a general level, with organizational goal attainment. However, the different schools of thought have used different approaches to the concept of organizational goal and its means-end relationships.

In the case of business firms, the exercise has been approached usually from the standpoint of (a) assessing the degree of attainment of the organizational goal of profit, or (b) assessing the firm's success in coping with a set of constraints acting upon the firm.

(a) The Organizational Goal Approach

This approach has stressed the need to examine the organizational goal and the extent of its attainment. J.L. Price, in "Organizational Effectiveness: An Inventory of Propositions," has used essentially this approach.¹²

"Effectiveness, the dependent variable of this inventory, may be defined as the degree of goal-achievement. For example, a prison, which has a custodial goal, and which has a low escape rate among its inmates, would be considered an effective organization. Or again, a mental hospital, which has a therapeutic goal, and which successfully releases a high proportion of its inmates into the community, would be considered an effective organization."

There is a bulk of literature which makes the claim that the goal of a business firm is profit so that, accordingly, the effectiveness of the firm can be assessed in terms of the firm's profitability.

(b) The 'Systems' Approach

The approach of the 'Systems' school towards the notion of organiza-

tional goal and organizational effectiveness is a means approach, rather than an ends approach, and tends to define a pattern of interrelationships among the elements of system required for organizational health.

Thus, this second approach may be seen as de-aggregating the goal of profit into a set of operationalized objectives or constraints. For instance, Georgopoulos and Tannenbaum,¹³ in their study of the effectiveness of 32 service stations, assessed organizational productivity, flexibility, and conflict.

Selznick has suggested a similar multidimensional approach, citing five dimensions of organizational health:¹⁴

- (1) the security of the organization as a whole in relation to social forces in the environment.
- (2) the stability of lines of authority and communication.
- (3) the stability of informal relations within the organization.
- (4) the continuity of policy and of the sources of its determination.
- (5) a homogeneity of outlook with respect to the meaning and role of the organization.

Seashore and Yuchtman have recently proposed a System approach to organizational effectiveness. They stress the bargaining position of an organization in a competitive environment, and focus attention on organizational behaviour in exchange and competition exercises over scarce and valued resources. They view the acquisition of resources under six headings:¹⁵

- (1) Human energy.
- (2) liquidity.
- (3) stability.
- (4) relevance.
- (5) universality.
- (6) substitution.

The Need For An Alternative Approach

Both of the above approaches to the assessment of organizational effectiveness are framed in terms of the structurally and culturally pres-

cribed aspects of the managerial role. These have in fact, been investigated, in the current research, in terms of profit goal attainment and the degree of control established in six business sub-environments. Whilst the larger firms in the sample appeared essentially more successful than the smaller firms in terms of these parameters, it has to be remembered that attainment in terms of these parameters is closely aligned with successful enactment of the 'Manager', rather than the 'Artisan' social identity.

However, latent social identities, other than the 'Manager', were identified - the 'Artisan' and the 'Classical Entrepreneur'. These were based upon different clusters of entrepreneurial goals to those associated with the 'Manager' latent social identity. Thus, whilst an accountant may attempt to assess the performance of all firms in purely financial terms, an understanding of the social dynamics of the small firm begs recognition of the entrepreneur's goals arising out of attempts at role-making as well as role-taking.¹⁶ The next section of this chapter presents a symbolic interactionist approach towards an understanding of the processes of entrepreneurial role-making.

7.2.3: ROLE THEORY AND THE INTERACTIONIST APPROACH

Mouzelis distinguishes 2 meanings of theory.¹⁷ One concerns itself with the 'content' meaning of theory, and here he quotes Nadel's description of theory as, "an interconnected set of generalizations with a particular problem area and meant to account for the empirical facts in it."¹⁸ In its second context, Mouzelis refers to the "conceptual framework" meaning of theory.

In the present research, role theory was used as a conceptual tool embracing a set of interrelated concepts, i.e., role content, role identity, role interaction, role validation, etc. However, in accordance with a grounded theory approach to the research, positive attempts were made to resist any temptation to present data in accordance with constraints imposed by an un-

sceptical adoption of the conventional definitions of the above concepts. on the other hand, the author attempted to avoid a technique of merely 'cataloguing' data without reference to its implications for theory.

As in other instances in the research, a two-way process of data-theory interaction was undertaken in order to ensure congruence between the two. In this way, an attempt was made to present data in a manner likely to maximize the empirical utility of role theory.

Most advocates of the concept of "social role" have been micro sociologists and social psychologists.¹⁹ These writers have found the concept useful in the context of organizational studies, but have experienced difficulties in harnessing it in a wider social context. By using such concepts as "role", "functions", and "norms" to describe social systems, sociologists and social anthropologists have found themselves saddled with immutable status quos and self-regulating equilibriums. As a result, terms such as "social role" have revealed limitations when attempting to cater for the dynamics of social change.

However, the experience of history indicates that social change can be taken as given, and it is only social inertia that requires explanation. This can be done if an interactionist approach towards social role is adopted, and similar developments established in the rest of the structuralist's traditional armour.

The present study into small firms adopted a social action strategy, in conjunction with an interactionist interpretation of social role, in an attempt to link the role with a wider frame of reference. This approach operationalized the discretionary element of the social role, and showed that the manner in which this was invoked by the entrepreneur was subject to change over time in accordance with the needs of an observed process of entrepreneurial goal succession.

The role of the small entrepreneur was seen as one offering consid-

erable potential for discretion and autonomy in its interpretation. However, this situation was seen as contrasting sharply with that which characterizes many other roles in society. Indeed, the choice of the entrepreneurial role by first generation entrepreneurs was seen as a reaction to a perceived absence of role discretion in previous employment.

The Entrepreneur's Role In The Small Firm

The previous limitations imposed on the concept of social role appeared to result in essence from attempts by writers to describe the role in terms of a structural or cultural definition.

The role of the entrepreneur, as perceived by the role occupant, embraced individually determined goals as well as those prescribed by the organization. Thus, just as the shop-floor "informal" organization may be regarded as a collectivist strategy for the attainment of the individually determined goals of lower participants, so the "informal", i.e., non-structurally prescribed goals of higher participants, need to be taken into account in understanding the behaviour of the actors concerned.

The implication of this observation is that any role, to be adequately conceptualized as a tool for predictive purposes, must be studied as a function of interaction between individual and organizational goals. Further, the greater the discretion the role holder has in personally influencing the role at a behavioural level, then the more pressing is the need to investigate the identity of the individual role holder.

In the small firm, power and authority are vested strongly in higher participants, i.e., entrepreneurs. The entrepreneur typically adopted a highly personalized style of leadership associated with a zero-sum perception of power. Here, power delegated was seen as power lost, and the power aspirations of higher and lower participants were considered to exist in direct contradiction to one another. Thus, the goals of the higher participant entrepreneur were influential in their interaction with the structurally pres-

cribed goals of the organization.

Thus, whilst this situation imposes limits on the usefulness of the traditional concept of organizational goal, it imposes much greater limits on the usefulness of the "Systems" concept of a more dispersed notion of organizational goal structure. For, whilst the present model shows a need to examine both the traditional concept of organizational goal, but to add to it the goals of the entrepreneur, the systems approach attributes a more transcendental and "given", though dispersed, identity to the notion of organizational goal.

The Interactionist Approach To The Organizational Goal And It's Implications For Role Theory

Adopting an interactionist standpoint,²⁰ the goal or goals of an organization may be considered to be represented by one or a series of desired end states. Accordingly, roles within an organization, on the condition of being totally dependent upon the nature of organizational goals for their definition, constitute a series of structurally assigned purposes. However, if there exists an element of independence for integrating discretionary elements into the actors perceived definition of role, then the identity of the role as performed, represents a weighted mean of the structurally assigned purposes of the organizational goal, and the individually determined goals of the actor. Thus, the processes adopted in pursuance of organizational goals will be dependent upon the manner in which these processes are perceived by the actor, and the manner in which they relate to his perceived role, resulting from the interaction of structurally ascribed and individually determined goals respectively.

Organizational and individually determined goals may be mutually compatible or, alternatively, mutually exclusive in their conditions of attainment, or they may occupy an intermediate situation of dependence. Goals will be mutually compatible in situations where the structurally assigned

purposes of the role are either totally consistent with entrepreneurial goals or, alternatively, where the minimum requirements of organizational goal attainment permit a degree individual discretion in role performance. Where the structurally assigned purposes of the organization reflect a role definition which is wholly inconsistent with the individually determined purposes of the actor, then the situation is different. If the minimum requirements of goal attainment allow a degree of entrepreneurial discretion in decision-making, then entrepreneurial goals may be pursued, otherwise, complete subordination will be a condition of organizational survival.

Thus, the notions of goal and role were seen to be interdependent. Contrary to the 'Systems' approach, the personal goals of the entrepreneur were considered to be a dominant force in the organization. Further, organizational goals were considered to be structurally prescribed. Thus, two sets of important goals were recognized, each with their specific conditions of attainment.

This situation could be seen, from the viewpoint of a traditional understanding, as implying a situation of role conflict, in that two sets of goals demand adherence at any one time. However, if the view is accepted, that conformity is but one type of working adjustment to roles held, then role conflict can be seen in the light of attempts to establish a working relationship between roles by a process of interaction.

Symbolic Interactionism : The Entrepreneur as a Role-Maker

²¹
Linton has defined the social role in terms of the structurally prescribed rights and duties associated with that role. This approach, however, tends to overlook the aspirations and expectations of the individual role holder.

Mead²² and Gouldner²³ have invoked the notion of expectations in determining the nature of the role but, once again, the individual role holder is given sparse treatment. Instead, the definition of role is seen as being

prescribed by the actor's reference group interactants (or "generalized other"). Gouldner has said, "A social role is a shared set of expectations directed towards people who are assigned a given social identity."²⁴ Thus, both Mead and Gouldner see the actor's social role identity as relying upon an essentially external form of validation for its definition. Whilst this definition appears to have considerable merit in the case of a role permitting little or no autonomy for role discretion, it does not cater for role performances which may differ from prescribed expectations.

Why should the actor, in a given social situation, attempt to fulfil the expectations of others? If he departs markedly from the expectations of others, then his ability to predict them is in turn reduced. The resulting confusion in his relationships causes an upset in his social gestalt and role strain. However, psychological satisfaction may not always, for reasons connected with learning and perception, be achieved by conformity to expectations.

One of man's characteristics - as opposed to those of lower animals - is that he desires and is able to look ahead and predict. Thus, he is likely to base his current behaviour not only on present expectations but also future expectations and past experiences.

Thus, the entrepreneur was seen as an actor living the status or position of a culturally given role, but possessing a degree of autonomy for an independent definition of self within the role. This definition of self arises out of:

- (a) the meanings which the entrepreneur inherits from his previous socio-economic milieu,
- (b) the meanings arising out of his continuing social experiences,
- (c) the sets of meanings held by interactants.

In accordance with (b) particularly, the entrepreneur's role perception was seen as possessing potential for change over time in accordance with

changes in his social experience, and his interpretation of these experiences. It was the need to cater for this dynamic factor over time, as much as the need to cater for role autonomy at any single point in time, that rendered the structuralist notion of role lacking. Whereas the latter sees the social role as a set of obligations and rewards inherited by an actor in a given social situation, the interactionist approach is able to cope with the inertia of change in the actor's social situation.

The present research has shown that the role, as externally validated²⁵ by the actor's interactants, is not necessarily coterminous with role identity as defined by the actor, i.e., as internally validated²⁶. It has been shown that, unless a situation of consensual validation²⁷ exists between actor and interactants, role strain is likely to occur and the distinction which Gouldner fails to emphasize between expectations and performances is an important one.

The present research has indicated a need to define social role as "a set of expectations as to how people will behave in a given social situation." Conformity to externally defined expectations is but one of the alternatives open to the actor. The research revealed that not all actors who assume, achieve, or are ascribed social roles bring identical meanings to their role. As a result different actors make attempts to adapt the role in different ways. Hence, the individual aspirations and expectations of the 'self' (the entrepreneur), were seen as being of importance, whereas Gouldner and others, have stressed the importance of the expectations of 'other' (the role holder's interactants)²⁸. Thus, Turner's distinction between role-taking and role-making becomes an important one.

It appeared that the expectations attached to a role by those with whom the role holder interacted and which, in turn, he may be obliged to meet, by no means explain all the behaviour associated with the actual performance of the role. This is an area of role behaviour in which the role holder may bring in his own goals, values and attributes, thus completing

the role prescribed by others. This allows the actor autonomy both to conform to the expectations of others, and to build a role that allows self-expression. Following previous usage, the latter aspects of the role were termed the holder's latent social identity.²⁹ Three latent social identities were identified, each of which exerted a considerable influence on the entrepreneur's total role behaviour. Each of these latent social identities was characterized by the clusters of goals and values most salient to the role holder at any one point in time.

Entry into entrepreneurship was shown to present a strategy for the establishment of a role characterized by a low degree of role strain. It was seen as a way of bringing autonomy to the role by a process of role-making (thus ensuring consensual validation in environment E1). In addition, the expectations of interactants were prescribed by the entrepreneur thus ensuring external validation of the entrepreneurial role and generating consensual validation. The entrepreneur's progress through the three entrepreneurial role types could be seen then as a process whereby the entrepreneur sought external role validation from increasingly broader areas of society; the workplace, community, and wider society respectively (environments E1, E2 and E3).

For the purposes of the current research, the actor's 'generalized other' may be considered as embracing the body of expectations associated with the function or set of actions which make up the structurally prescribed duties of the entrepreneur. This structurally defined role was seen as being essentially aligned with the tasks of profit maximization, on the one hand, and meeting the sets of obligations emerging out of the six entrepreneurial sub-environments, on the other.

7.2.4: SOCIAL MARGINALITY AND THE ENTREPRENEUR

³⁰
Lupton, commenting on small businessmen, has said:

"I know of no reliable evidence to define the kind of man who starts up a business in a small way, but my deduction from the statistics and from superficial observation would be that it would not typically be the professionally trained manager, or the qualified

accountant), although in science-based growth industries such as electronics, one might find scientist-cum-technologist-entrepreneur types".

Mills³¹, Kornhauser³², Bunzel³³ and Bechhofer³⁴ and Elliott have all referred to the small businessman's situation of structural marginality. However, whilst the present research has made this same observation, it has also generated data indicating that entry into entrepreneurship was perceived by first generation entrepreneurs as a strategy for a partial solution to feelings of marginality experienced in previous employment.

First Generation Entrepreneurs

All of the first generation entrepreneurs studied in the current research appeared to have experienced feelings of social marginality prior to entry into entrepreneurship, and this, in turn, structured perceptions of entrepreneurship as a possible solution to marginality. The structural processes governing this solution to marginality were those of occupation of the entrepreneurial role facilitating the development of a congruent self-identity for the entrepreneur, as commonly perceived by both himself and those with whom he interacts (see section on role theory and latent social identity earlier in this chapter).

During the initial stages of entrepreneurship, this state of congruence appeared to be essentially confined to within the bounds of the firm. Here, the status and independence, which subordinates recognised as part of the entrepreneur's manifest social identity, were consistent with the entrepreneur's self-defined social identity, and thus led him to experience marginality-free relationships in his interactions within the firm. It was this situation which led the first ideal type of entrepreneur - "Artisan" - to attach a high value to the intrinsic job gratifications associated with this role, i.e. "Independence"; "The Status Associated With Being Your Own Boss"; "Finding An Outlet For Personal Abilities", and "Being Able To Pick The People You Work With".

tinued to experience feelings of social marginality outside the firm. For instance, George Coleman, owner-manager of Elecsonics Limited, had occupied the 'Artisan' role but, in outside life, continued to live on a council estate, and had expectations of his children achieving only a low level of educational attainment to be followed by a career in manual employment.

The success and growth of the small firm, in instances where it occurred, yielded a high level of personal income to the entrepreneur concerned and this, in turn, structured his adoption of a middle-class life-style. Thus, Frank Williams took up residence of a detached house in a middle-class area; ran 2 cars; purchased horses for his children, and sent them to private schools; spent his holidays abroad, and employed an au pair in his home. Thus, at this stage, with the entrepreneur occupying the ideal type role of the 'Classical Entrepreneur', based upon the principal form of expression of conspicuous consumption in leisure life, marginality-free relationships were experienced both with respect to the work-place (environment E1) and the community of residence (environment E2). It was essentially at this stage also that political voting patterns were likely to change from Labour to Conservative.

The author does not overlook the possibility of an achievement based presence within the middle-class community being considered by interactants as less acceptable than an ascription based presence. In fact, Williams did perceive stresses in his community relationships on this account. However, there appeared to exist a greater degree of congruence between the social identity ascribed by his middle-class interactants and that defined by himself, than would have been the case with his former working-class community interactants.

If the expansion of the firm continued or, as in the case of Frank Williams, the size of the entrepreneur's domain was increased as a result of a take-over, then the entrepreneur was likely to perceive aspirations towards

generally acclaimed functional excellence as being realistic. This, in turn, presented the possibility of embracement of the 'Manager' ideal type role and, along with it, the experience of marginality-free relationships in all aspects of social life - the firm, the community of residence, and society at large.

Thus, along with the three ideal role types which developed out of the research, were associated three fairly distinct environmental reference groupings - employees (E1), residents in the neighbourhood community (E2), and society at large with its business culture and prescribed parameters of recognized functional excellence in management or some other relevant field (E3).

Second Generation Entrepreneurs

Four of the eight main-study firms were controlled by second generation entrepreneurs, and none of the entrepreneurs concerned embraced the 'Artisan' role, nor did they experience the form of social marginality likely to have structured independent and self-initiated entry into entrepreneurship. Rather, the situation of marginality-free social relationships in the work-place had already been institutionalized by a former generation of entrepreneurs and, as a result, they adopted either the 'Classical Entrepreneur' or 'Manager' ideal type role.

Entrepreneurial Environment

Thus, the entrepreneurial environment can usefully be seen as comprising three elements - the firm; the community; and the wider society with its culturally prescribed parameters of functional excellence. These three elemental environments may be termed respectively E1, E2, and E3. In turn, these elemental environments were directly associated with the three entrepreneurial ideal role types developed - 'Artisan', 'Classical Entrepreneur', and 'Manager', respectively.

Thus, at each stage of development on the three point entrepreneurial role type continuum, the role holder can be seen as attempting to establish marginality-free relationships with interactants in the relevant elemental sub-environment.

Areas Of Human Interaction Possessing Potential For Engendering Feelings Of Marginality (E1, E2 and E3): (See Figs 4, 5, and 6)

E1 : The Workplace As An Area Of Potential Marginality

The limited independence and opportunities for self-expression in the workplace, which the individual is likely to experience as an employee, possess potential for generating feelings of marginality. If the pattern of inter-relationships encountered by the individual in the workplace, lead to distinct feelings of ambivalence between himself and those with whom he interacts, then the workplace can be seen as an area of social marginality for the individual. However, the scope of the entrepreneur for governing the pattern of human relationships within the context of his own small firm appears to possess potential for relieving feelings of marginality.

E2 : The Community As An Area Of Potential Marginality

If it is accepted that the dominant value system of society is vested in the major institutions of society (see reference to Parkin's work below), then the salient characteristics of the middle-class community, with its patterns of conspicuous consumption, can be seen to be dominant over those of the working-class community.

Thus, once the entrepreneur manages to generate a sizeable income from his firm, and begins to adapt his life-style accordingly, in the context of his personal life-style, he is likely to adopt the middle-class community as a reference group, and lose the protection from feelings of marginality which the working-class community previously afforded him. Thus, the entrepreneur is subjected to feelings of marginality in environment E2 until his life-style structures his assimilation into the middle-class community.

INITIAL EXPERIENCES OF MARGINALITY

Area Of Human Relationships
In Which Experiences Of
Marginality Arise

Basis Of Incongruence Between The Expectations
Of The Individual And Those Of Interactants

Goals, Values, Beliefs And
Attitudes Salient In The
Marginal Situation

The Workplace (E1)

Incongruence existing between personal attri-
butes and roles held (e.g. the intellectually
gifted shop floor worker)

Personal abilities not
finding an outlet for ex-
pression in the workplace

The Community (E2)

Structurally imposed incongruence based on
relationships with more than a single inter-
acting group (e.g. Box and Ford's working-
class university students)

Social Class Background,
Regional Culture, etc.

Wider Society (E3)

Structurally imposed incongruence based on
relationships with more than a single inter-
acting group (e.g. the Jewish sub-culture)

Political Values,
Religious Values,
Ethnic Values, etc.

ENTRY INTO ENTREPRENEURSHIP AS A SOLUTION TO MARGINALITY

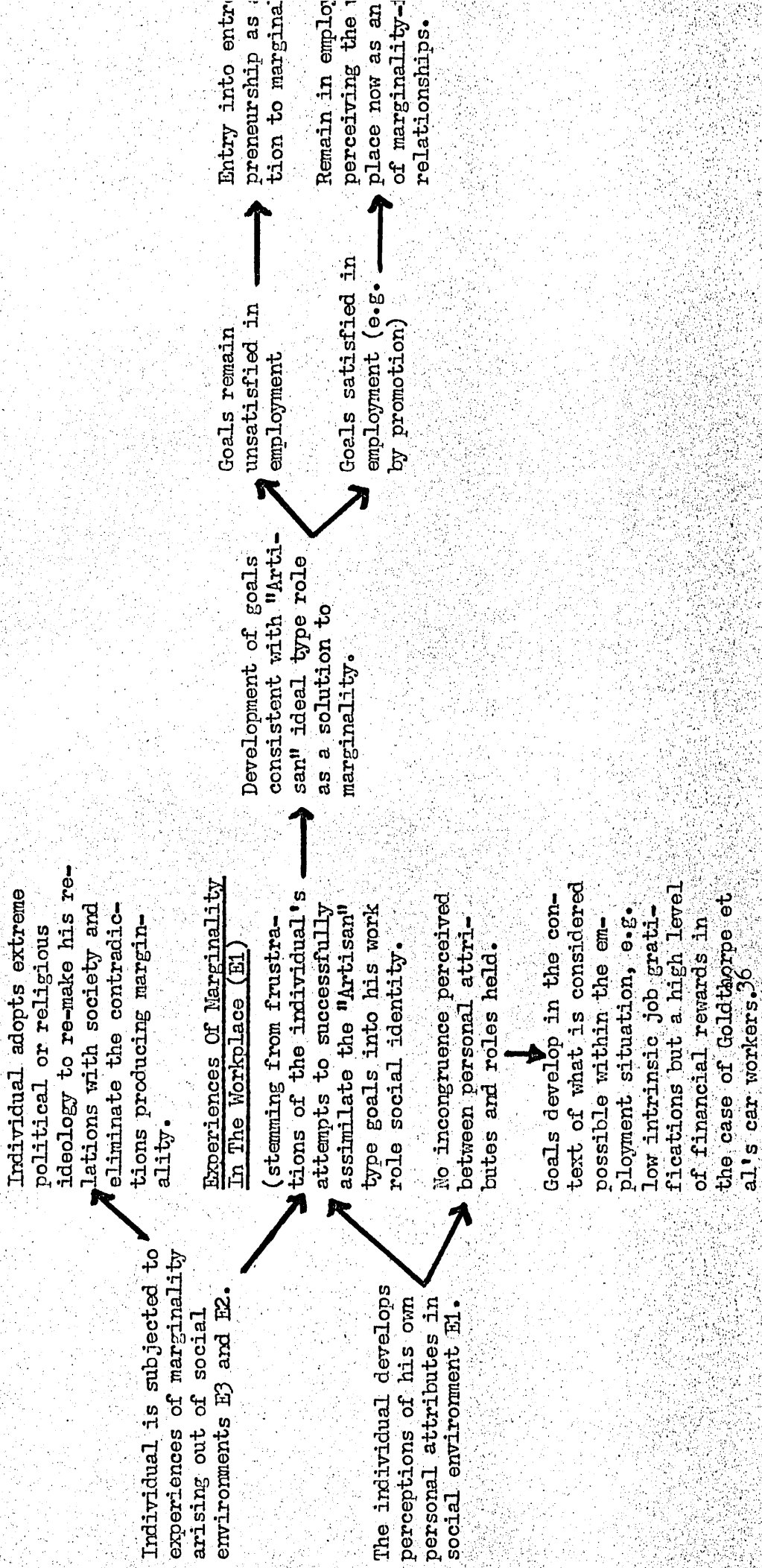


FIG. 5

ENTREPRENEURIAL ROLE SUCCESSION AND THE CREATION OF
MARGINALITY-FREE RELATIONSHIPS

Area Of Society Offering
Marginality-Free Relation-
ships For The Entrepreneur

Ideal Entrepreneurial Role Type
Enacted By The Entrepreneur

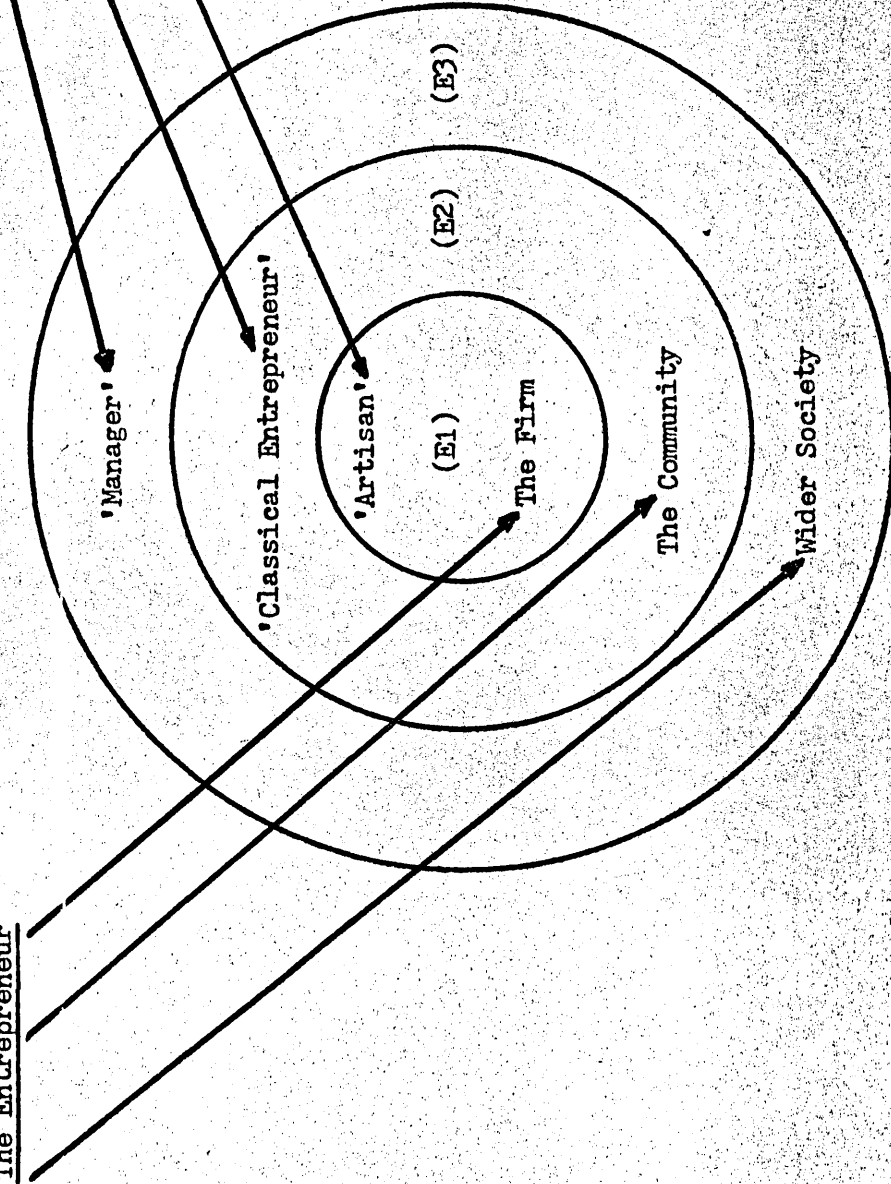


FIG. 6

The values, embodied in Labour voting, which first-generation entrepreneurs held at the time of their entry into entrepreneurship, appeared to be consistent with those embodied in the dominant institutional orders of society. This situation, in turn, rendered the entrepreneurs marginal to the central value system of society.

McKenzie, Silver, Nordlinger and others³⁷ have examined political voting behaviour from the premise that the opposing value systems expounded by the two major political parties, though ideologically opposed, are expounded with essentially equal force. This being so, both working-class Conservatives and middle-class Socialists could be seen as adopting strategies of political deviance.

However, Parkin³⁸ argues, somewhat more convincingly, that conservatism is essentially an embodiment of the values which emanate from the dominant institutional orders of society. These he lists as including "The Established Church, the public schools, and ancient universities, the elites of the military establishment, the press and the mass media, the monarchy and the aristocracy, and finally and most important, the institutional complex of private property and capital enterprise which dominates the economic sector." Parkin in fact goes on to say, that the only important institutions that embody values more compatible with the Labour Party are the trade unions, the co-operative movement, and the non-conformist churches. In accordance with this situation, it can be claimed that all Socialist voters are subscribing towards a deviant value system.

Parkin points out that the continued holding of deviant values characteristically requires the support of a sub-culture in society opposed in some ways to the dominant value system. Thus supportive sub-cultures such as the traditional working-class neighbourhood, and the large factory can be seen as offering shelter from feelings of marginality amongst working-class Labour voters.

However, it appears inevitable that success as an entrepreneur will structure membership of non-supportive sub-cultures, and thus lead the entrepreneur to experience feelings of marginality, i.e., his previous situation of "latent" marginality assumes a "manifest" identity. This situation of marginality subsequently becomes resolved by socialization towards conservative values and adherence towards a middle-class life-style with its characteristic feature of conspicuous consumption.

Figure 6 illustrates the relationship between the sequence of ideal role types, and the expanding area of society offering marginality-free relations to the entrepreneur.

It is not suggested that the latent social identities which form the above role sequence occur in isolation, but rather, that the main bodies of personal goals and the associated values are situated in a hierarchy based upon their relative accessibility of attainment. Further, it is not suggested that the entrepreneur is necessarily conscious of changes in his goals in the sense that he makes conscious and positive decisions to promote or relegate individual goals from their positions in a stated hierarchy. Rather, he tends to deal with issues related to these goals in more operational terms, and may not consciously realise that his decisions are being structured by a hierarchy of goals on the one hand, and the situation in which he finds himself on the other. An awareness of the existence of such a hierarchy is more likely to be realised by the entrepreneur when a threshold position is reached - particularly if previously attained goals are to be sacrificed in order to facilitate the attainment of "higher" goals. However, even here, the entrepreneur's thinking may not be totally clear and rational for, as was the case with Frank Williams, he may fail to realise that the attainment of "higher" goals is likely to challenge the continued attainment of goals previously achieved.

Social Marginality, the Entrepreneurial Environment and the Entrepreneurial-Organizational Goal Relationship

AREA OF MARGINALITY-FREE SOCIAL RELATIONSHIPS

ENTREPRENEURIAL-ORGANIZATIONAL GOAL REQUIREMENTS OF SOLUTION TO SOCIAL MARGINALITY

The Workplace (E1)

Attainment of the Organizational Goal of 'Providing Employment For The Owners', as a condition of attainment of the 'Artisan' type Entrepreneurial Goals.

The Community (E2)

Attainment of the Organizational Goal of 'Making A Profit As A Return On Capital Invested In The Firm', as a condition of attainment of the 'Classical Entrepreneur' goal of 'Economic Rewards' required to finance current life-style.

Wider Society (E3)

Attainment of the Organizational Goal of 'Making A Profit As A Return On Capital Invested In The Firm', at a level synonymous with the achievement of managerial excellence.

Bechhofer And Elliott's Small Shopkeepers

Bechhofer and Elliott's small shopkeepers,³⁹ like Kornhauser and⁴⁰ Bunzel's small businessmen⁴¹ generally, appeared to operate essentially in business environments similar to E1 and E3. In fact, Bechhofer and Elliott pose the workplace (E1) as essentially an area of autonomy (and essentially marginality-free relationships) for the shopkeeper and the middle-class community, and wider large-scale bureaucratic industrial-commercial-government environments (E2) and (E3) - as areas of low autonomy (and essentially marginal relationships).

Role Of The Small Firm In The Economy

The case made out by the Conservative Party for sustaining small businesses indicates the role of the small firm in terms of seven facets: ⁴²

- (i) To help preserve competition
- (ii) To guard against the excessive concentration of economic and political power
- (iii) To present diversified employment opportunities
- (iv) To originate new products and methods
- (v) To offer goods and services which their adaptability makes them more suited than large firms to produce
- (vi) To offer opportunities for personal expression and growth
- (vii) To provide opportunities for a man who is unable to find "happiness" in a large firm.

Thus, essentially four roles appear to be suggested:

- (i) The dispersion of politico-economic power
- (ii) The provision of employment and goods and services in areas and situations not catered by the large firm
- (iii) The initiation and development of new ideas, i.e., innovation
- (iv) To facilitate the satisfaction of personal needs experienced by certain individuals, i.e., self-expression.

The first of the above four roles will be discussed later in this chapter under the heading, 'Small Businessmen as a Pressuregroup'. The last of the four roles, i.e., facilitating opportunities for self-expression, corresponds with the function of providing an outlet for socially marginal individuals. These two 'roles' - (i) and (iv) - appear unlikely to possess potential for sustaining the small firm in the absence of a market demands for its products and services. Rather, it is 'roles' (ii) and (iii) which appear likely to ensure the survival of the small firm.

The small firms studied in the current research project appeared to occupy an essentially different situation in the economy from that occupied by larger firms.

Reference has been made in the literature to a range of technical and market situations which favour either large firms on the one hand, or small firms on the other. For example, the large firm is said to be favoured where expensive capital equipment or extensive research and development are required; where the manufacturing process is complex and involves a large number of operations; where product standardization favours long runs, or where product values are high in relation to transport costs.

On the other hand, the small firm is said to be favoured where high distribution costs cancel out the benefits of large-scale production (e.g. baking); where standardization and long runs are impossible (e.g. high quality personal tailoring); where the shortage of raw material prohibits large-scale production (e.g. fine chemicals); or where the technology is strongly labour intensive.⁴³

In the present study, all of the firms studied, with the exception of Instrument Electronics Limited, appeared to occupy a trading situation likely to afford them protection from the force of substantial competition from larger firms in the economy. In accordance with this situation, amongst the printing firms, Modern Offset produced jobbing printing products and short-run technical manuals; Leadprint produced jobbing printing products, offered high quality commercial photographic services, and had embarked upon the photographic re-production of out-of-print books; G.S. Gridley produced short-run periodicals; and Printed Cartons & Co.Ltd., produced medium-sized runs of printed cartons and paper bags.

Amongst the electronic firms, Elecsonics was involved in labour intensive sub-contract wire-work; Control Engineering made one-off electronic

control panels; and James Stanley used a small batch technology in producing packaging machinery. Electronic Instruments Limited alone claimed potential for growth to a large firm, and claimed that only the finance required to stage an entry into American and West European markets restricted the firm's growth rate.

In addition, the firms studied were all essentially dependent upon large organizations for both custom and supplies.

Growth And Product Change

In the case of all the entrepreneurs studied, the initial choice of product was based essentially on an existing knowledge of a product-line from previous experience. It did not follow upon a rational and exhaustive appraisal of all available investment opportunities.

However, the above delineated sets of conditions, favouring small and large firms respectively, indicate a set of technical constraints influencing the growth of the firm. However, in the firms studied, the growth process was associated with a process of product diversification designed to facilitate growth. Amongst the printing firms studied, Modern Offset diversified from an initial reliance on jobbing printing into the field of technical manuals; Leadprint diversified from commercial photography into jobbing printing and later the production and publishing of out-of-print books; G.S. Gridley diversified from jobbing printing to a total reliance on periodicals, and Printed Cartons and Co. Ltd. continued to produce its traditional products - bags and cartons - but altered the proportions of its product-mix in favour of the latter which encountered the stronger market situation.

Amongst the electronics firms, Elecsonics was involved principally in the field of sub-contract wire-work, but was attempting to diversify into stereo amplifiers; Control Engineering had retained its initial product-line until the time of its failure in 1969, but its growth prospects had appeared

limited in view of its unit, or 'one-off' technology; Instrument Electronics had grown only essentially after ceasing Government contract work, and James Stanley Limited had grown only after diversification from a product-line of metal repair work into electronic packaging machinery, first for the pharmaceutical industry and later for other industries too.

Thus, whilst the relationship between technology and size should certainly not be overlooked, the actions of the above entrepreneurs, in adopting policies of product diversification, indicated an over-riding social determinism ultimately governing both the firm's technology and thus its size. In the firms studied, it appears reasonable to assume that the processes of technical change and organizational growth were interdependent and were both, in turn, consequences of entrepreneurial decision-making. If, as the research indicated, the content and subject matter of entrepreneurial decision-making strongly reflect the nature of the individually determined goals formulated by the entrepreneur, then it appears that social rather than technical determinism is the vital factor influencing growth.

The Marginality Of The Small Firm Entrepreneur Situated In The Wider Business Environment

The firms studied were essentially reliant upon large firms for both custom and supplies. Further, all of the firms were reliant upon one or two customers for the bulk of their custom. This situation appeared to diminish in intensity with the growth of the firm. Thus, it appeared that the smaller firms were most precariously positioned vis-a-vis reliance upon one or two large customers. For instance, Elecsonics, Control Engineering and Leadprint were each reliant upon one public company for at least half of their custom. In fact, Elecsonics recruited approximately 85 per cent of its custom from its largest customer. The entrepreneurs concerned attempted to adapt strategies leading away from this situation, thus indicating previous experiences of

marginality vis-a-vis the wider business community.

Small Businessmen As A Pressure Group

The entrepreneurs studied, particularly those embracing the 'Classical Entrepreneur' role, appeared to experience feelings of social marginality toward modern-day large-scale bureaucratic capitalism. For, in a society where politics is conducted in terms of interest and pressure groups, they appear to have been largely ineffective. It is probably true to say that if Britain had the image of a society based upon a multiplicity of small firms as appears the case in America, then small businessmen would be lobbied for their opinions more frequently, and may feel less marginal. However, this is not, at present, the case, and the small businessmen studied appeared to experience feelings of isolation from the mainstream of events in society. Thus, in Modern Offset, the claim was made that employers' organizations "...aren't interested in the small firm," and Kenneth Nicholson, Managing Director of Printed Cartons & Co. Ltd., claimed, ".....they (big business leaders) think of us as the peasants."

The Future Supply Of Small Businessmen

The failure rate amongst small firms has not been adequately documented, but appears almost certain to be of a fairly higher order. Thus, the survival of the small firm appears at least partially dependent upon the availability of a continuing supply of socially marginal men in society to replace those who do not survive the rigors of the business environment.

To some extent, the supply of marginal men in society appears to depend on the rate of social change and the lack of "fit" between the various institutional areas in society. The lack of "fit" at the institutional level is likely to be reflected at the individual level by the personal mal-inte-

gration used to describe social marginality, since the self-identity which many people hold will depend on contributions received from inconsistent areas of the social structure.

There is some evidence to show that the rate of change in industrial society is increasing. If it can be assumed that the chances of inconsistencies occurring between institutional areas of society is positively correlated with society's rate of change, then we can at least expect that the supply of socially marginal men will not decrease. For instance, given the demonstrated inefficiencies of our educational system in locating, retaining, and maximizing the talents of able individuals plus the increasing stress in industry on formal qualifications as a condition of appointment to the more skilled and interesting occupational roles, we can expect a continuing flow of people who will experience feelings of marginality resulting from inconsistencies in this area of social life. Clements⁴⁴ and Clark⁴⁵ have already shown that the chances for promotion to anything above the supervisory level of management are in fact declining for the manual worker in industry. Of course, whether these individuals will continue to choose entrepreneurship as a solution to their marginality may be considered more problematical. However, unless another solution to marginality presents itself as being available to large numbers of socially marginal individuals, entrepreneurship appears likely to remain a popular and frequent choice.

Possible Alternative Solutions To Social Marginality

Two broad yet fundamentally different solutions to social marginality appear possible:

- (a) the non-activist solution, and
- (b) the activist solution.

The non-activist solution involves a situation where wider society re-defines the situation which the formerly marginal person encounters in order to eliminate feelings of ambivalence in the individual. The coloured

those with whom he interacts as being irrelevant to the performance of his role as a doctor. Other non-activist solutions may be structured by changes in wider society. For instance, the position of socially ostracised minority groups may be re-defined. The apparent decline in social ostracism directed towards Protestants in Southern Ireland has witnessed an absence of writers of the calibre of Bernard Shaw and Oscar Wilde emerging from Southern Irish Protestant families. Similarly, the advent of the "Six-Day-War" in the Middle East may influence the position of the Jewish sub-group in Britain. The widespread publicity given to the Israeli case in the war may lead to a re-definition of the position of the Jewish sub-culture in Britain. This, in turn, could act to reduce the motivation of British Jews to enter into self-employed business careers.

Entry into entrepreneurship, however, is an activist solution to marginality. Other activist solutions which may be enacted involve the adoption of values and beliefs, based for example, on extreme religious or political ideologies, which re-make the individual's social reality so as to eliminate the contradictions producing marginality. However, this solution may involve the individual experiencing marginality-free relationships only among a group of fellow believers. But another expression of special interest here - and one in some ways similar to that of the entrepreneur - is where the marginal individual again actively attempts to change his role so as to reduce conflicts between attributes and roles held, such as the case of the gifted manual worker becoming a full-time trade union official.

Thus, solutions to marginality, other than entry into entrepreneurship, do exist, and the nature of such solutions appears liable to change over time. However, there appears to be little, if any, reason to take the view that, on the one hand, marginal men will cease to exist in our society or, on the other hand, that alternative solutions to marginality will become so common and easily accessible that the option of entrepreneurship will decline or disappear altogether.

Goldthorpe, commenting upon the nature of the interplay between theory and research, has suggested the following as a common sequence: 46

1. certain data are produced empirically which, on examination, are found not to fit well with the existing body of theoretical ideas - i.e. are not capable of being adequately explained and understood in terms of these ideas;
2. an attempt is then made - as an exercise in informal conjecture - to modify and renovate existing theory so that the range of empirical findings can be better accommodated and accounted for;
3. the new ideas then in turn, become subject to critical scrutiny and explanation, and are applied, and thus empirically tested, in the context of further research.

Considered in terms of this sequence, the work which Goldthorpe et al published from their Vealhall study is representative of phases 1 and 2 above. Goldthorpe says: ⁴⁷

".... our contribution to industrial sociology was a by-product of an enquiry focused on an issue to which the concerns of this specialism were only partially relevant: i.e. the alleged process of subproletarianisation within certain sections of the 'new' working class".

The unanticipated findings were analyzed, and a theoretical analysis subsequently grounded in the data. However, their overall approach here fell two steps short of a true grounded theory approach. For, initially, the researchers began their research in accordance with the requisite approach perceived necessary to test the validity of a previously stated hypothesis. This initial hypothesis was not grounded by the researchers (the present author is however, not oblivious to the fact that the researchers may have had data from previous research projects in mind when formulating their hypothesis). However, the fact remains that the initial hypothesis was not grounded in the data to which it applied.

On the other hand, the body of theory eventually developed out of the research was developed essentially retrospectively after the research field had been vacated. Thus, no opportunities existed for further testing of the body of theory developed, and the total process of data-theory interaction pursued by the researchers amounted to what Glaser and Strauss term "serendipity".⁴⁸ However, the author of the present thesis adopted a grounded theory approach throughout the current research, and added this with an "Analytic Induction" approach.

Analytic Induction And The Process Of Goal Succession

The researcher's approach of analytic induction was based upon an attempt to develop all hypotheses to the extent required to allow them to account for essentially all empirically derived data. No "deviant" or "minority" observations were presented in that form.

As an illustration of this approach, one apparent exception to the hypothesized process of goal succession was the case of Morris Taylor. His goals were initially those associated with the "Artisan" role type. However, Taylor appeared to develop aspirations towards the attainment of the goal of

management recognition without passing through the "Classical Entrepreneur" role stage with its heavy emphasis of economic rewards. This lack of attention to the needs of attainment of the goal of economic rewards eventually structured the firm's failure.

Consistent with the analytic induction approach, the hypothesis of entrepreneurial goal succession is modified and qualified by the condition that the entrepreneur should be reliant essentially upon gratifications generated out of entrepreneurship for the attainment of the entrepreneurial goal of economic rewards. In the case of Taylor, whose wife earned in excess of \$3,000 per annum, the relationship between Taylor's life-style and his income from entrepreneurship was a tenuous one. As a result, the "Classical Entrepreneur" role was never embraced. Instead, incongruent "Artisan" and "Manager" type goals were pursued at one and the same time.

The Social Action Approach

Implicit in the social action approach (which was used in the current research) is the notion that the human relations and socio-technical schools overlook the true importance of experiences encountered outside the workplace when dealing with patterns of human behaviour and experience within the factory.

Daniel makes the claim that, just as the human relations school has been criticised for looking at the factory as a closed system, i.e. "stopping at the factory exit", the social action approach of Goldthorpe et al has suffered from interpreting human experience almost solely in terms of pre-determined dispositions structured by experiences in wider society. Daniel says:

"The evidence of current work by proponents of an action framework suggests that they are stopping at the entrance (of the factory) just as surely as the most guilty targets (human relations school) of their criticism are stopping at the exit".*

* Note: my brackets

However, the current research work into small firms has used a social action approach and has, at the same time, endeavoured to examine the relationships between the individual's experiences in work and outside work respectively.

The Predictive Uses Of The Author's Model

If it is accepted that the usefulness of a model lies in its predictive powers, then the author feels justified in making certain claims of usefulness on behalf of the model developed out of the present research. The author will attempt to cite instances in which the model has potential for explaining and predicting behaviour in situations outside the field of the small firm.

(1) The Vannhall Study Of Goldthorpe et al

Probably the focal point of Goldthorpe et al's contribution to the field of industrial sociology, was their claimed diagnosis of an "instrumental orientation" towards work on the part of their car worker respondent group. Further, the researchers claimed in 1966, that an instrumental orientation to work afforded the individuals concerned shelter from feelings of deprivation in the face of an absence of intrinsic job satisfactions: "instrumentality apparently operates like a local anaesthetic; they can see the wound but feel no pain".

In 1969, Daniel asked whether Goldthorpe et al were saying (a) that an instrumental orientation to work really anesthetized possible feelings generated by desires for intrinsic job satisfaction or (b) that the extrinsic gratifications supported by high economic rewards were traded off against an acutely felt absence of intrinsic job satisfactions.

Of situation (b), Daniel said, "I do not think they are saying that

in 1968, claiming that they had not seen their respondents as simply "happy robots."⁵¹

Whether Goldthorpe and his colleagues have altered their position or not is an issue of peripheral importance as far as the author's own research is concerned. What is important is the recent statement of their position by Goldthorpe:⁵²

"We certainly accept the social-psychological truism that felt satisfaction or deprivation will always be influenced to some degree by expectation. But there is no suggestion whatever in our work that their instrumental orientations could, or did, render the assemblers insensible to the stress and frustration that the 'track' engenders..."

The current research in small firms has suggested that individuals define their personal goals in terms of both their aspirations and expectations. Whilst the author went a long way towards accepting the notion of Maslow's self-actualizing man with almost infinite aspirations, he accordingly saw a great need to examine the role of expectations in goal formation. The factors determining the latter were seen to be the individuals' experiences, past and present, his definition of what is realistic in the future, and what the cultural system gives him as a system of alternatives to choose from.

Goldthorpe et al's instrumentally oriented worker appears to be somewhat akin to the author's ideal type of profit maximizing 'Classical Entrepreneur'. However, whilst the latter found some of his intrinsic job satisfaction goals being eroded by his strategy designed to yield maximum economic rewards, he was certainly not insensitive to this situation and, on occasions, was seen to be still willing to sacrifice money for intrinsic job gratifications.

Goldthorpe et al's car workers can be seen to possess considerably less discretion than the small entrepreneur for defining attainable personal goals. The manual employee may only realistically aspire towards only a limited range of intrinsic job gratifications, and a limited range of economic

rewards. However, it appears that the two forms of reward may be mutually exclusive for the employee, and thus the process of arriving at predominantly economic goals is unlikely to be the process of goal succession observed in entrepreneurs. Possible alternative routes to a principal employee goal of economic rewards are:

- (1) Aspirations towards the attainment of intrinsic job satisfactions are seen as being unrealistic (i.e., having a fantasy basis). As a result, the only realistic alternative is perceived as that of high economic rewards.
- (2) Lower income white collar workers attempting to maintain a middle-class life-style. Such people may become manual car workers in order to generate the income required to maintain or attain their desired life-style. This process has similarities with the entrepreneur experiencing the sacrifice of intrinsic job satisfactions for the attainment of other goals accompanying the process of goal succession. White collar gratifications such as status, may be sacrificed for financial rewards in the case in question.
- (3) People taking car jobs prior to the development of any distinctly characteristic orientation towards work, may adjust to their high income, and become consumption conscious. In this case, the individual is subjected to a process of differential socialization and defines his goals in terms of the situation in which he finds himself.

Michels Iron Law Of Oligarchy ⁵³

The acknowledgement of the existence of both organizational goals and a hierarchy of personal goals provides a more comprehensive framework for the understanding of the individuals role performance than does the notion of 'goal distortion'. Acton's notion of power corrupting and absolute power corrupting absolutely, can be more constructively conceptualized by introducing the concepts of role discretion and latent social identity as factors structuring autonomy to pursue individually determined goals. Whereas Michels and Acton have described the changes of goals which occur within organizations, the model generated out of the current research explains the mechanics and processes of such changes.

The Process Of Goal Succession Applied To Other Occupational Groupings Experiencing Role Autonomy.

The model could be used to explain goal succession amongst other

occupational groupings, e.g., doctors, university lecturers, etc. The succession from intrinsic job gratifications, to instrumental economic gratifications and, finally, recognition for professional excellence, can be seen as being open to these groups too, in view of their potential discretion in role performance.

For instance, the university lecturer, during the early stages of his career, may experience a strong appreciation of extrinsic job gratification but a relatively low income. Subsequently, his income will increase and may be converted into a status display in leisure-life. Later, when firmly established in his career, he may strive to publish books and papers, thus attaining goals based on functional excellence and peer group recognition.

Educational Attainment Amongst Working-Class Families In Socially Mixed Communities.

Studies of educational attainment have revealed higher aspirations for attainment amongst working-class families in socially mixed communities than amongst families in homogeneous working-class communities.⁵⁴ In terms of the findings of the current research project, this behaviour may be predicted in terms of experiences of social marginality.

If the middle-class norm of attaching a high value to educational attainment is accepted as being, in general terms, dominant over the working-class norm of lower level aspirations towards the same form of attainment, then the working-class norm may be seen as a facet of the objective marginality of working-class culture. However, the influence of the protective sub-culture of the homogeneous working-class community shelters the marginal individual from feelings of marginality. However, the working-class family in the socially mixed community loses this protection, and is subjected to a situation of structural marginality (somewhat similar to Box and Ford's marginal working-class students).⁵⁵ This situation then, in terms of the model generated from the research, is likely to lead to an assimilation of the

middle-class norm of educational attainment in order to reduce feelings of
marginality.

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8.0. RECOMMENDATIONS FOR FUTURE WORK

8.1. A CONTINUATION AND EXPANSION OF THE PRESENT STUDY

8.2. THE INVESTIGATION OF PATTERNS OF INVOLVEMENT OF
LOWER PARTICIPANTS

8.3. CONTENT ANALYSIS OF THE ENTREPRENEURIAL ROLE

8.4. THE INVESTIGATION OF ROLE CONFLICT

8.1. A CONTINUATION AND EXPANSION OF THE PRESENT STUDY

The time limitations imposed upon the present research study enforced a fairly substantial degree of reliance upon retrospective data. Further, unless any subsequent research group can command the financial resources required to examine a sample of small firms over a more prolonged period than the present one, i.e., 3 years, this situation appears unlikely to be remedied.

However, if research were to continue within the existing sample of firms, than data collection of a non-retrospective nature would be facilitated over an extended period of time to constitute a longitudinal study.

In addition, the present research sample could be extended in order to gain a clearer picture of the processes of entrepreneurial goal formation amongst entrepreneurs at the extreme ends of the goal succession spectrum. That is, future research could be usefully directed towards the identification and investigation of (a) individuals just about to enter into entrepreneurship, and (b) entrepreneurs who have successfully steered the growth of a small firm to eventually become a public company, e.g. the Managing Director of M.E.Board & Co. Ltd., the firm which took over Printed Cartons & Co.Ltd.

8.2. THE INVESTIGATION OF PATTERNS OF INVOLVEMENT OF LOWER PARTICIPANTS

The present study yielded data assisting an understanding of patterns of action invoked by higher participants in small firms in adapting work life to personal goals. However, any truly comprehensive sociological model of the small firm will be greatly enhanced by an understanding of the manner in which lower participants adapt work life to the attainment of personal goals.

It has been shown that first generation entrepreneurs select to run a small firm when they perceive it as a working environment conducive to the attainment of personal goals. However, it is possible, that small firm employees may select their employment as a result of a similar strategy.

Data presented by Goldthorpe et al from a large firm study indicated a degree of self-selectivity amongst their car firm employees structured by a goal of high economic rewards. Thus, it appears that future research could usefully be carried out in order to investigate the involvement pattern of small firm employees and the nature of changes in the latter accompanying the growth of the firm.

It appears possible that some workers will prefer the small firm, with its personal face-to-face relationships and job variety, to the larger firm with more formal relationships, greater role specificity and decreased job variation. Further, such workers may be willing to make financial sacrifices by forgoing opportunities to maximize attainment of their economic goals in order to increase attainment of non-economic job gratifications.

In addition, future research could usefully be directed towards a study of changes in workforce involvement brought about by the growth of the firm. Growth and associated bureaucratization appear likely to render the established pattern of organizational contributions and rewards problematical, and lead to violations of established worker expectations. This, in turn, may lead to the exit of the established workforce and their replacement by workers of a more calculative involvement.

Alternatively, even if entrepreneurs are willing to resist pressures towards greater formalization of processes within the firm, growth may render the local labour market denuded of employees possessing anything other than a strongly calculative involvement. As a result, the firm may be forced to recruit labour in the wider labour market, thus, once again, resulting in a shift in the overall pattern of workforce involvement.

8.3. CONTENT ANALYSIS OF THE ENTREPRENEURIAL ROLE

The present study indicated a process of role specificity and declining role time intensitivity accompanying the growth of the firm. However, due to the constraints imposed by available research, time and resources, it was

impossible for the author to study these processes in any great detail.

Thus, it appears that future research could usefully be carried out in order to yield data on the precise functional breakdown of the entrepreneurial role. This could take the form of non-participant observation or, alternatively, entrepreneurs could be asked to keep diaries in accordance with a previously specified framework of data recording.

This would yield useful data on the length of the entrepreneur's working week, and a breakdown in terms of the various functions performed. In addition, the processes of delegation of functional responsibilities, incumbent on organizational growth, would be revealed.

8.4. THE INVESTIGATION OF ROLE CONFLICT

Role conflict can occur in two forms, i.e., intra role conflict resulting from conflicts of expectations within a given role, and inter role conflict resulting from conflicts of expectations between roles.

The current research has examined expectations within a given role, i.e., the role of the entrepreneur. However, the role time intensitivity associated with entrepreneurship indicates the possibility of inter role conflict structured by conflicts of expectations associated with the respective roles of entrepreneur and husband.

Thus, it appears that future research could usefully be directed towards this form of role conflict.

THESIS VOLUME II:

APPENDICES

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APPENDIX 1

FIELDWORK INTERVIEW

QUESTIONNAIRE SCHEDULE

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 - (iii) Policy towards industrial development areas
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- Q.15 RELATIONS WITH EMPLOYERS' ORGANIZATIONS AND TRADE ASSOCIATIONS, ETC.
- Q.16 THE ROLE OF THE SMALL FIRM IN THE NATIONAL ECONOMY

ENTREPRENEUR'S CAREER STRUCTUREName:Date Of Birth:Age Of School Leaving:Education:

Elementary

Sec. 1st./Comp.

Sec. Grammar/Technical/Private

Further Education:

Subjects

Higher Education:

Subjects

Positions Held In Industry:

Firm

Position

Dates

Age Of Entry Into Entrepreneurship:Formal Training In Management:Membership Of Management/Professional Bodies:SOCIAL CLASS BACKGROUND AND CURRENT LIFE-STYLE

Please state father's current occupation and his occupation at the time of your leaving school.

Occupational Group of Father:

- (a) Professional worker, business owner, manager, etc.
- (b) Clerical worker
- (c) Foreman, small shopkeeper, etc.
- (d) Skilled manual worker
- (e) Semi-skilled manual worker
- (f) Unskilled manual worker

Occupation Of Mother Before Marriage:Size Of Family From Which Entrepreneur Originated:Order Of Birth Of Entrepreneur In Entrepreneurial Family:Occupation Of Wife Before Marriage:CURRENT LIFE-STYLE:Make Of Car:Location And Value Of House:Type Of School Chosen For Children:Holidays Taken At:Leisure Interests:Membership Of Clubs And Associations:

Principal Friends In Leisure Life:

Please list the five friends with whom you have most contact in leisure life. Are they:

- (a) Other businessmen
- (b) Neighbours
- (c) Old workmates from your days in employment
- (d) Chance acquaintances
- (e) People met at clubs
- (f) Other

Q.3

SOCIO-POLITICAL AFFILIATIONS AND SOCIAL MARGINALITY

RELIGIOUS AFFILIATIONS:

Do you actively pursue any religion:

Did your parents actively pursue any religion:

POLITICAL AFFILIATIONS:

Are you in membership of a political party:

- (a) Yes
- (b) No.

If answer is 'yes', please state which party.

VOTING BEHAVIOUR:

Do you vote:

- (a) Conservative
- (b) Liberal
- (c) Labour
- (d) Other
- (e) Various

Do you vote as your parents did?

Do you vote primarily as:

- (a) A private citizen
- (b) A businessman

Do you consider that the differences between the main political parties are based upon:

- (a) Fundamentally different ideological standpoints
- (b) Minor differences centred around claims of greater administrative efficiency in performing set Government duties

Please State Any Other Socio-Economic-Political Affiliations:

SOCIAL BACKGROUND:

Have you ever been subjected to a situation where, over a fairly extended period of time, you felt yourself to be in a minority due to your views, be they religious, political, social, ethical or whatever, or due to some characteristic such as social class, racial or regional background, or even some physical disability, etc.

Q.4 ENTREPRENEURIAL GOALS

Q.4.(i) Goal Ordering

Please place the following personal goals on the scale provided in accordance with the extent to which they respectively describe your own goals. The maximum value which any goal can score is 100 and the minimum 0. Please do not insert any figures on the scale as this tends to over-simplify the differences between goals. Values will be derived later from your positioning of the goals. Please insert any personal goals which you have and which are not mentioned below.

- (a) Independence
- (b) Security
- (c) Economic rewards
- (d) Being able to pick the people you work with
- (e) Achieving recognition in the field of management
- (f) The status associated with 'being your own boss'
- (g) Building 'something to leave to the son(s)'
- (h) Finding an outlet for personal abilities

Q.4.(ii) Independence

If you value independence as a goal, does this take the form primarily of:

- (1) Independence in your work-role. That is, independence from the subordinate relationships which you might experience in employment. This involves independence to define your own duties, hours of work, salary, holidays, products, people you work with, etc.
- (2) Independence from other business or semi-business agencies. That is, independence from outside finance agencies, rentiers, customers, trade unions, national government, etc.

Q.4.(iii) Independence And Growth

If, under present conditions, you required money to finance your firm's growth, would you:

- (a) Only expand within the limits set by the size of internally generated profits
- (b) Accept outside finance into the firm provided the equity was not diluted
- (c) Accept outside capital and dilution of the equity provided this did not involve taking a working partner
- (d) Accept outside capital and dilution of the equity even if this did involve taking a working partner

Q.4.(iv) Security

If you value security as a goal, is it because:

- (a) Although you have not yet attained security, and do not expect to in the future, you would like to attain this goal
- (b) Although you have not yet attained security, you consider it a realistic goal to which to aspire
- (c) You value this goal and have already, in some measure at least, attained it

Q.4.(v) Building Something To Leave To The Son(s)

Would you like your son(s) to follow you into the firm:

- (a) Yes
- (b) Yes, unless he is academically inclined
- (c) He can please himself. I shall not influence him
- (d) No

Q.4.(vi) Sale Of The Firm

If you sold your firm and severed all contacts with it, would you:

- (a) Set up another firm with the money
- (b) Buy a stake in an already established firm as a working partner
- (c) Invest the money and live off the income
- (d) Invest the money and accept a job working for another firm as a manager

Q.5 ORGANIZATIONAL GOALS

Q.5.(i) Goal Ordering

Please order the following organizational goals on the scale provided in accordance with the extent to which they describe the goals of this organization, that is, the purposes for

which the organization was set up and for which it continues to exist. Please do not insert figures on the scale as this tends to oversimplify the differences between goals. Values will be derived later from your positioning of the goals. Please insert any organizational goals which you consider apply to your organization and which are not mentioned below.

- (a) To make a profit as a return on capital invested in the organization
- (b) To provide employment for the owner(s)
- (c) To provide the market with goods and services
- (d) To provide employment for employees

C.5.(11) Situational Test Of Selling

Please mark, on the scale provided, the minimum price, at or above market value, at which you would be willing to sell the firm in each of the following circumstances:

- (a) If you were able to continue in your role as Managing Director, whilst continuing to employ the firm's existing workforce and continuing to supply the firm's existing customers
- (b) If you were able to continue in your role as Managing Director, whilst continuing to employ the firm's existing workforce, but not continuing to supply the firm's existing customers
- (c) If you were able to continue in your role as Managing Director, whilst continuing to supply the firm's existing customers, but not continuing to employ the firm's existing workforce
- (d) If you were able to continue in your role as Managing Director, whilst not continuing either to employ the firm's existing workforce or supply the firm's existing customers
- (e) If you were not able to continue in your role as Managing Director, but were assured that the firm would continue to employ its existing workforce and supply its existing customers
- (f) If you were not able to continue in your role as Managing Director, but were assured that the firm would continue to employ its existing workforce, but would not continue to supply its existing customers
- (g) If you were not able to continue in your role as Managing Director, but were assured that the firm would continue to supply its existing customers, but would not continue to employ its existing workforce
- (h) If you were not able to continue in your role as Managing Director, and were assured that neither would the firm's existing workforce continue to be employed, nor the firm's existing customers continue to be supplied
- (i) Do there exist any further conditions of sale which, if not satisfied, would require you to ask a higher selling price than was the case in (h) where you had sacrificed your job, your employees, and your customers?

Which of the following leadership styles is adopted in decision-making exercises:

- (a) ANTICIPATORY: the entrepreneur makes decisions without consulting management colleagues and then announces them and expects them to be accepted without question
- (b) PERSUASIVE: the entrepreneur makes decisions without consulting management colleagues but then makes efforts to "sell" his decisions so that his colleagues will agree with him
- (c) CONSULTATIVE: the entrepreneur makes decisions only after canvassing the opinions of management colleagues
- (d) DELEGATIVE: the entrepreneur defines a situation, permits discussion, and then accepts the majority view of his management colleagues

JOB SATISFACTION

Please select the most adequate description of your experienced level of job satisfaction (a) in previous employment, and (b) at various times as an entrepreneur, from the descriptions listed below:

- (a) Very high, in that you experience practically all of the rewards you look for in your job. (Score = 7)
- (b) High, in that you experience most of the rewards you look for in your job. (Score = 6)
- (c) Moderate to High, in that you experience a fair number of the rewards you look for in your job. (Score = 5)
- (d) Moderate, in that you experience some of the rewards you look for in your job. (Score = 4)
- (e) Moderate to low, in that you experience a few of the rewards you look for in your job. (Score = 3)
- (f) Low, in that you experience an absence of most of the rewards you look for in your job. (Score = 2)
- (g) Very low, in that you experience an absence of practically all of the rewards you look for in your job. (Score = 1)

Please state the length of your average working week during employment and at various times as an entrepreneur.

BUSINESS ETHICSNichols's Forced-Choice Questionnaire

The following represent statements by prominent businessmen and theorists. They are arranged in four groups, each group consisting of three statements. Tick the statement nearest to your own opinion in each group.

Group A

1. It is common knowledge that the secure contented employee, who is aware that management is concerned for his welfare, will work better; and to this end some form of redundancy payment is desirable.
2. Provision for employees against redundancy is no part of management's responsibility. No firms want unemployment; it is simply a risk which all those in industry have to bear.
3. Management has a moral responsibility to guard against redundancy and provide for the workers' security should it occur.

Group B

1. A firm exists for one purpose only: to satisfy a need at a profit. Managers should not, and cannot, be concerned with social and moral consequences; if they were, the country's economic position would be undermined and with it the welfare of us all.
2. A business conducted solely for the profit of shareholders is unethical. A firm is a social institution; it exists to further the social welfare. The management is an arbiter with responsibilities to serve the social and economic needs of employees, customers, shareholders and the local and national communities.
3. Profit is the one absolute in business and it is to the nation's benefit that this be so. But in the interests of long-term survival every firm must gain the sympathetic understanding and co-operation of all people directly or indirectly within its sphere of interest.

Group C

1. Every worker has the right to full information of his own and the company's position and, excepting trade secrets, every company has a moral duty to provide such information.
2. Not only does the provision of information serve no useful purpose, since employees do not want it, but its circulation may have deleterious results for the firm.
3. In an age of increasing mass production and bigness the provision of information to employees is a means whereby the individual can be made to feel an important part of the team and his potential to co-operate with management increased.

Group D

1. The public must accept businessmen as thinking people actively contributing to the national weal. Public speeches are a powerful form of public relations and directors should accept invitations to write and speak on public platforms, associating themselves, in honorary or executive positions, with as many important groups as possible.
2. Every business has a social responsibility to the community. It is the duty of senior executives to fulfil this by contributing their skills and knowledge to public life.
3. A manager has work enough to do without becoming a leading figure in the community. If he wishes to do so that is his affair, but as a manager his place is with the firm.

Note: the L.F. set of items are A2; B1; C2; D3. The L.T.C.I. set of items are A1; B3; C3; D1. The S.N. set of items are A3; B2; C1; D2.

Q.10 ENVIRONMENT CONTROL

Q.10.(1) Organizational Technology

Do you consider that your firm's technology is:

- (a) Substantially in advance of that typical of the industry. (Score = 7)
- (b) Moderately in advance of that typical of the industry. (Score = 6)
- (c) A little in advance of that typical of the industry. (Score = 5)
- (d) About average for the industry. (Score = 4)
- (e) A little behind that typical of the industry. (Score = 3)
- (f) Moderately behind that typical of the industry. (Score = 2)
- (g) Substantially behind that typical of the industry. (Score = 1)

Q.10.(11) Market Strength Of The Firm's Products

Which of the following descriptions of market strength do you consider best describes the situation existing in each of your firm's product-market situations:

- (a) We are in a very strong market situation.
We have very few or no competitors.
Our products are highly valued by customers.
Our survival is vital to customers.
(Score = 7)
- (b) We are in a seller's market.
We have relatively few competitors.
Our products are valued by our customers.
Our survival is very much desired by our customers.
(Score = 6)
- (c) We are in a fluid market situation.
Competition isn't very strong.
Our products are appreciated by customers.
Our survival is preferred by customers.
(Score = 5)
- (d) We are in a neutral market situation.
We can find customers if we make the effort.
Our customers are fairly satisfied with our products.
Our customers aren't very much concerned about our survival.
(Score = 4)
- (e) We are in a competitive market situation.
Competition is fairly keen.
Our customers feel some supplier loyalty.
Our failure to survive might inconvenience customers in the short term.
(Score = 3)
- (f) We are in a buyer's market.
There are a relatively large number of competitors.
Our customers feel relatively little supplier loyalty.
Our survival is a matter of minor concern to customers.
(Score = 2)
- (g) We are in a weak market position.
Competition is very intense.
Our customers feel little or no supplier loyalty.
Our survival is not a matter of concern to any of our customers.
(Score = 1)

Do you consider your knowledge of the environment to be:

- (a) PERFECT: I have a complete and accurate knowledge of the environment and never need to refer to outside sources for additional information.
- (b) VERY GOOD: I have a sound and comprehensive knowledge of the environment. When my knowledge is incomplete, I almost always know which sources of additional information can supplement my own knowledge.
- (c) GOOD: I have a fairly good knowledge of the environment. When my knowledge is incomplete, I usually know which additional sources of information can supplement my own knowledge.
- (d) AVERAGE: I have a reasonable knowledge of the environment. When my knowledge is incomplete, I quite often know which additional sources can supplement my own knowledge.
- (e) POOR: I have a fairly poor knowledge of the environment. When my knowledge is incomplete, I usually am not aware of additional sources of information to supplement my own knowledge.
- (f) VERY POOR: I have a very unsound and limited knowledge of the environment. When my knowledge is incomplete, I am seldom aware of additional sources of information to supplement my own knowledge.
- (g) TOTALLY IMPERFECT: I have practically no knowledge either of the environment or of sources of information on the environment.

PLEASE ATTEMPT TO ANSWER THE FOLLOWING QUESTIONS:

LABOUR SUB-ENVIRONMENT

- (1) Can you state the approximate size of the British workforce?
- (2) Can you state the approximate size of the membership of British Trade Unions?
- (3) Can you name the executive body of the T.U.C?
- (4) Can you state the largest union in your industry?
- (5) Do you know whether small firms are less likely to be unionised than large firms?
- (6) Are you aware of your firm's annual rate of labour turnover?
- (7) Are you aware of the annual rate of labour turnover typical for your industry?
- (8) Can you name a single staff agency in your area?
- (9) Do you know of a recognized index of employee morale?
- (10) Do you know how employee morale is generally identified with size of firm?

EFFICIENCY SUB-ENVIRONMENT

- (1) Do you possess an accurate knowledge of the responsibilities of your subordinates expressed in terms of an organizational authority chart and issued job definitions?
- (2) Do you have paperwork systems for recording and assessing the performance of your suppliers?
- (3) Have you established standard paperwork procedures for estimating?
- (4) Have you established paperwork procedures for control of stocks?
- (5) Have you established paperwork procedures for production scheduling?
- (6) Have you established paperwork procedures for assessing and allocating overhead costs?
- (7) Have you any paperwork procedures for comparing estimated with actual costs?
- (8) Have you any paperwork procedures for budgetary control?
- (9) Do you use discounted cash flow techniques in appraising major expenditure projects?
- (10) Do you operate any system of job measurement in the firm?

EXTERNAL AID SUB-ENVIRONMENT

- (1) Are you aware of the existence of the Industrial and Commercial Finance Corporation (I.C.F.C.)?
- (2) Are you aware of the existence of the National Union of Manufacturers Advisory Service (NUMAS)?
- (3) Can you name a nationally based general consultancy firm?
- (4) Are you aware of the existence of the Centre for Interfirm Comparison?
- (5) Are you aware of the existence of a Ministry of Technology Industrial Liaison Officer (ILO) based at Kingston College of Technology and providing services for management?
- (6) Are you aware of the existence of a British Productivity Council (BPC) Productivity Officer based in Kingston and providing services for management?
- (7) Are you aware of the existence of the short courses for managers run by Kingston College of Technology?
- (8) Electronics Industry: are you aware of the existence of K.A.D.E.T. (Kingston and District Engineering Training Group) set up by interested employers under the sponsorship of the Engineering Industry Training Board?
Printing Industry: are you aware of the immediate proposals of the newly formed Printing Industry Training Board?
- (9) Are you aware of the existence of an employers' organization in your industry?
- (10) Are you aware of the existence of the British Institute of Management?

TECHNICAL SUB-ENVIRONMENT

- (1) Do you maintain a readership of technical journals in the field?
- (2) Do you attend technical exhibitions in the field?
- (3) Can you identify a technical advantage which small firms have over large?
- (4) Can you identify a technical advantage which large firms have over small?
- (5) Can you identify a research association or other similar specialist body in the industry which gives aid or advice on technical problems?
- (6) Have you a knowledge of the current quality or performance of your products as compared with that of competitors in the field?
- (7) Do you employ skilled craftsmen where possible rather than unskilled personnel?
- (8) Do you have an estimated knowledge of the capacities of your productive facilities?
- (9) Do you experiment with new techniques only when existing ones are unsatisfactory or when you consider that new techniques may perform better than existing ones that are already satisfactory?
- (10) Do you have access to another similar firm or firms to examine their technical methods?

MARKET SUB-ENVIRONMENT

- (1) Do you have an approximate knowledge of your share of the market?
- (2) Are you aware of the identity of your main competitors in your market?
- (3) Are you aware of the approximate shares of the market held by each of your competitors?
- (4) Are you aware of the degree of reliance which your competitors place on their respective products?
- (5) Have you made any relative assessment of your firm's market performance in terms of profit generated on capital employed?
- (6) Do you possess a current appraisal of trends in the relative performance of your various products?
- (7) Do you possess a current appraisal of the profit margins on your various products?
- (8) Do you possess a current appraisal of the comparative usefulness of various sales techniques?
- (9) Do you have a knowledge of how your customers' delivery dates compare with your own?
- (10) Do you attempt to carry out market surveillance surveys?

SMALL FIRMS

- (1) Are you familiar with the Government's experiment to help small firms in Glasgow and Bristol with consultancy fees?
 - (2) Are you aware that the Government has set up a Committee of Inquiry to look into the role of small firms in the economy?
 - (3) Are you familiar with the American Small Business Administration which provides free consultancy services for small firms in America?
 - (4) How would you define a small firm in terms of workforce size:
 - 0 - 10 employees
 - 0 - 50 employees
 - 0 - 100 employees
 - 0 - 200 employees
 - 0 - 500 employees
 - 0 - 1,000 employees
 - (5) Using your own definition of the size of a small firm, what proportion of manufacturing establishments in Britain would you think are small?
-

Q.11 PROFIT

Q.11.(1) Function of Management

Do you consider the function of management to be:

- (a) The maximisation of profit
- (b) The attainment of a level of profit consistent with the attainment of personal management goals
- (c) The attainment of a level of profit consistent with the attainment of social goals

Q.11.(ii) Policy On Profits

What do you do about profits:

- (a) Maximise
- (b) Attain a level of profit consistent with the attainment of personal non-economic goals
- (c) Attain a level of profit consistent with the attainment of social goals

Q.11.(iii) Determination of An Acceptable Level of Profits

Order the following in order of the importance you attach to them in deciding an acceptable level of profits:

- (a) That typical of the firm in the past
- (b) That typical of your industry in the past
- (c) That typical of industry in general in the past
- (d) That required to generate the capital required for expansion internally
- (e) That required to attract the capital required for expansion externally
- (f) The maximum you think your customers will consider fair
- (g) The maximum you think your customers will stand
- (h) The most you think you can make without attracting competition
- (i) The most you think you can make without precipitating wage demands from within the firm
- (j) That required to finance your desired living standard
- (k) That commensurate with the attainment of non-economic entrepreneurial goals - independence, finding an outlet for personal abilities, being able to pick the people you work with, the status of being your own boss, etc.

Q.11.(iv) Justification of Profit

Do you regard the principal justification of profit as:

- (a) A just reward for the efforts and endeavors of the owner-manager (I.F.)
- (b) A just reward for the survival of the firm in the face of the risks and uncertainties facing business firms (I.F.C.I.)
- (c) A just reward to the firm for its services to society in providing goods and employment (S.S.)

Q.11.(v) Profitability of The Industry of Membership

Do you consider that you are in:

- (a) A high profit industry
- (b) A high to average profit industry
- (c) An average profit industry
- (d) An average to low profit industry
- (e) A low profit industry

Q.11.(vi) Definition of A Profit For The Industry

What do you consider to be a typical rate of pre-tax profit for the industry (measured in return on capital employed):

- (a) 0 - 2½ per cent
- (b) 2½ - 5 per cent
- (c) 5 - 7½ per cent
- (d) 7½ - 10 per cent
- (e) 10 - 12½ per cent
- (f) 12½ - 15 per cent
- (g) 15 - 17½ per cent
- (h) 17½ - 20 per cent
- (i) Over 20 per cent

Q.12.(1) Policy On The Provision Of Employment For Employees

What is your policy towards the provision of employment for employees:

- (a) The provision of employment for employees is neither a goal for which the firm was created nor a goal for which it continues to exist. The relationship existing between the firm and its employees is of a purely contractual nature and employees are fully compensated for their services to the firm by their wages (L.F.)
- (b) The provision of employment for employees is one of the firm's goals, but this applies to the existing workforce and not to the labour market as a whole. The firm's continued provision of employment for existing employees is considered desirable because the alternative is a declining workforce or labour turnover which is costly and disruptive. People with experience of working at the firm are likely to be of more use to the firm than people without this experience, and so it is in the firm's interests to attempt to guarantee their security of employment (L.T.C.I.)
- (c) The provision of employment for employees is one of the firm's goals, for the reason that the maintenance of full employment is generally regarded as a goal of our society. Because of this, employees are regarded as justified beneficiaries of the firm to the extent that wages and benefits paid to them are regarded as part of the profits paid out by the firm rather than merely as costs of production (S.S.)

Q.12.(ii) Dependence Of The Local Labour Market On The Firm For Employment

To what extent do you consider that the local labour market is dependent upon your firm as an employer of labour:

- (a) Totally dependent
- (b) Largely dependent
- (c) Partially dependent
- (d) Not very dependent
- (e) Dependent only to a minimal extent

Q.12.(iii) Policy Towards Industrial Development Areas

If the firm were faced with a need to expand and found this impossible within the bounds of the existing premises, on what basis, if at all, would you consider moving to a development area:

- (a) On the basis of purely commercial considerations, i.e. value of Government grants and allowances accruing, accessibility of suppliers and customers, ease of recruiting, and cost of labour, etc. (L.F.)
- (b) Essentially on the basis of commercial considerations, but taking into account the possible benefits to the firm of creating goodwill by providing employment in a development area, when the commercial factors involved in the decision to move are finely balanced (L.F.C.I.)
- (c) On the basis of the importance of the social need to create employment in the development areas even if commercial considerations indicate a better financial return by remaining in the South-East (S.E.)

Q.12.(iv) Policy On Dismissals In A Development Area

If the firm moved from the South-East to a development area of relatively high unemployment, what would be your policy towards the dismissal of personnel:

- (a) Would you be less reluctant to dismiss personnel than you had been previously due to the greater ease in recruiting replacements (L.F.)
- (b) Would you feel inclined to try and weigh the potential benefits of a higher rate of dismissals against their possible deleterious effects on the morale of the firm's workforce as a whole (L.F.C.I.)
- (c) Would you be more reluctant to dismiss an employee than you had been previously due to his likely difficulties in finding alternative employment (S.E.)

Q.13 CUSTOMERS

Q.13.(i) Policy In The Provision Of Goods And Services For Customers

In the event of your finding a potentially more rewarding outlet for your capital than you have at present, what would be your policy towards your existing customers:

- (a) That your relationship with them had been of a purely contractual nature and that you were fully at liberty to make your capital as mobile as was commensurate with your best financial interests (L.F.)
- (b) That, in the best interests of the firm and its reputation, the situation ought to be discussed with your present customers with a view to your continuing to supply them until they manage to find some alternative source of supply (L.F.C.I.)
- (c) That your relationship with them was largely a co-operative one such that, as long as you could continue to make a reasonable return on your capital, you would feel it your responsibility to continue to supply them (S.E.)

Q.13.(11) Dependence of Customers on The Firm For Supplies

To what extent do you feel that your customers are dependent upon your firm to provide the goods and services they require:

- (a) Totally dependent
- (b) Largely dependent
- (c) Partially dependent
- (d) Not very dependent
- (e) Only dependent to a minimal extent

Q.14

RELATIONS WITH NATIONAL GOVERNMENT

Do you consider that:

- (a) The Government should do as little as is vitally necessary to interfere with the free running of the business community, and that all decisions on the location of industry, uses of capital, and the nature of what shall be produced and for which markets, etc., should be left to individual firms.
- (b) The Government should intervene in matters which affect both industry and society and should act to regulate industry as far as is necessary to the well-being of society as a whole but, in return, should attempt to create areas of certainty in the economy, within which the businessman can operate with some security
- (c) The Government should, at all times, put the interests of society as a whole before all else and business should be conducted solely within the limits of the framework of constraints imposed by the needs of society

Q.15

RELATIONS WITH EMPLOYERS' ORGANIZATIONS

Do you consider that:

- (a) There is little or no point in managers co-operating through the media of employers' organizations and trade associations, etc. We live in a competitive economy and must each seek to make our own way in it (L.V.)
- (b) That co-operation through the media of employers' organizations and trade associations, etc., is a useful way of acquiring a knowledge of what is happening in your industry, and how other people are solving some of the problems that you face in your own firm (L.V.C.I.)
- (c) That it is your duty to contribute what knowledge you have through the media of employers' organizations and trade associations, etc., for the well-being of the industry in particular and society in general (S.B.)

Q.16.(i) Role Of The Small Firm In The National Economy

What role do you consider that the small firm occupies in the British economy:

- (a) Essentially that of occupying the "interstices" in the economy left by the large firms, and producing the goods and services which the large firms do not wish to provide or find it uneconomical to provide
- (b) Essentially that of functioning in direct competition with the large firms

Q.16.(ii) The Size Distribution Of The Small Firm's Customers And Suppliers

Please identify your five principal customers and suppliers, stating both the size of establishment and size of enterprise in cases where the two are different.

APPENDIX II

CASE-STUDY RESULTS

- 1.0 MODERN OFFSET LIMITED
- 2.0 LEADPRINT LIMITED
- 3.0 G. S. GRIDLEY LIMITED
- 4.0 PRINTED CARTONS AND COMPANY LIMITED
- 5.0 ELECSONICS LIMITED
- 6.0 CONTROL ENGINEERING LIMITED
- 7.0 INSTRUMENT ELECTRONICS LIMITED
- 8.0 JAMES STANLEY LIMITED
- 9.0 FRANK WILLIAMS

- 1.0. MODERN OFFSET LIMITED
- 1.1. BRIEF DESCRIPTION OF THE FIRM
- 1.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS
- 1.3. RESEARCH METHOD
- 1.4. ENTREPRENEURIAL GOALS
- 1.5. ORGANIZATIONAL GOALS
- 1.6. LEADERSHIP AND DECISION-MAKING
- 1.7. JOB SATISFACTION
- 1.8. ROLE TIME INTENSITIVITY
- 1.9. BUSINESS IDEOLOGY
- 1.10. ENVIRONMENTAL CONTROL
- 1.11. MAJOR ORGANIZATIONAL PROBLEMS
- 1.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

This firm of offset printers was formed in 1962 by the owners, Ronald Dee and Gerald Simons, with Dee's wife acting as Company Secretary. Registered initially as "Rapidprint Limited" with a registered capital of £100, the firm had occupied a second storey premises above a shop, and operated with a second-hand printing machine and a guillotine.

Dee, the firm's Managing Director, had, 12 months earlier, been discharged from the army under a voluntary redundancy scheme at the age of 45. In the event, he had found his market value limited and, after a year in employment as an office manager, had decided to go into business with Simons. Simons, the firm's Sales Director, was a younger man in his mid-thirties who had previously been employed as a printing machine salesman.

Rapidprint Limited had initially been operated by the entrepreneurs on a spare-time basis. However, early in 1963, Dee, who had been earning considerably less than Simons in employment, had begun to work full-time in the business. In October, 1966, the firm moved from its shop premises to a small industrial site. Several months later, in June, 1967, the entrepreneurs changed the name of the firm by Special Resolution to Modern Offset Limited and, shortly afterwards, moved premises once more to occupy the site at which the author carried out the current research. At this stage, the firm had employed nearly 20 personnel, and this figure increased only slightly during the research project.

The rent and overhead costs of the new premises had required a large increase in sales to offset them and, as a result, Simons had given up his job as a salesman and joined the firm as a full-time Sales Director.

The firm had found the market for jobbing printing products to be very competitive and, throughout the research project, the entrepreneurs had diversified into the field of technical journals and manuals, which was less competitive.

difficulties due to its continuing trading losses, and the strain imposed upon its liquid capital by the rapid increase in sales turnover required to offset the overhead costs of the new premises. In fact, the firm had increased its sales turnover from £18,000 to £33,000 in the year after occupying its new premises, and a still higher level of sales had been required to justify the firm's high overhead costs.

Dec had already loaned the firm £10,000 over a period of 6 years, and was reluctant to risk any further capital in the business. As a result, the entrepreneurs had advertised a share in ownership of the firm for £10,000. However, initial respondents had declined to invest their money after examining the firm's financial record. The firm's accountants then suggested a merger with another of their clients -- a small and profitable letterpress firm. However, this venture also failed to materialize.

In the event, the firm struggled on for another year and increased its sales turnover to £52,000. Whilst this had accentuated the firm's financial difficulties, by increasing the amount of working capital required to finance the increased value of work in progress, it acted to dilute the overhead burden and enabled the firm, for the first time, to trade on a profitable basis.

In the financial year ending in 1969, the firm made a profit of £2,400 and, as a consequence, was able to extend its bank overdraft by £2,000. From this point onwards, the firm had operated on a profitable basis.

During 1969, the entrepreneurs made a key employee, Jeffrey Salmon, a director in the firm. Salmon was the firm's chief photographic designer, and had formerly been self-employed himself. However, he had no share in ownership of the firm.

The firm supplied customers mainly in the London area and was not greatly reliant upon any particular customer, though the Construction Industry Training Board provided approximately 25 per cent of the firm's custom.

and did not subscribe towards any other employers' organizations or trade associations.

1.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

1.2.1. RONALD DEE

Ronald Dee was born in 1916, the only child of a life-serving army careerist. His father had joined the army on leaving school at the age of 14, and had remained a private soldier throughout his army career. Ronald Dee's mother had been employed as a bottle-washer in a firm manufacturing pharmaceutical products for chemists before marriage.

At the age of 14, Ronald Dee had left school, and followed his father's footsteps by joining the army as a private soldier. He proved to be a more successful soldier than his father and, before leaving the army at the age of 45, had been promoted to the rank of Lieutenant Colonel Ordnance Officer. In this role, he had received training in 'Organization and Methods', and had assumed responsibility for an army provisions purchasing unit employing 120 personnel and commanding an annual budget in excess of £1M.

Dee had been discharged from the army under a voluntary redundancy scheme at the age of 45 in order to avoid compulsory discharge 10 years later when, he considered, his market value would have been at a low level. In the event, he had found his market value to be relatively limited even at the time of his voluntary discharge. He had initially sought employment as a commercial artist, which would have facilitated expression of his leisure interests of drawing and painting. However, unsuccessful in this attempt, he took a job as an office manager in the sales division of a retail food firm. It was there that he met Gerald Simons and became involved in printing, which he saw as having a close association with commercial artistry.

At the age of 27, Dee had married a hairdresser, and claimed that one

for his twin sons who had been 13 years old at the time, having both failed their 11-plus examination. However, on leaving school, they both rejected the option of joining the firm in favour of earning higher wages elsewhere in semi-skilled employment. In 1970, however, Dee financed their running of a delivery van service in an attempt to interest them in self-employment.

Politics:

- (a) Voted Conservative.
- (b) Parents had voted Conservative.
- (c) Claimed to have voted previously as a private citizen but recently as a businessman.
- (d) Saw the difference between the two major political parties as being based essentially upon their respective claims to greater administrative efficiency.

Religion: Agnostic.

Life-Style:

- (a) Make of car: Ford Executive (supplied by the firm)
- (b) Location and value of house: Long Ditton : £12,000.
- (c) Type of school for children: State secondary schools.
- (d) Holidays taken at: France usually but, otherwise, Spain.
- (e) Lei Holidays taken at: France usu
- (f) Mem ons: local Bridge club and local branch of the British Institute of Management.
- (g) Principal friends in leisure-life:

Occupation

Sales Director and partner at
Modern Offset limited

School teacher

Situation Of Initial Meeting

During previous employment

At local Bridge club

Driver

Own son

Driver

Own son

1.2.2. GERALD SIMONS

Gerald Simons was born in 1936, the only child of middle-class parents. His mother, whom he described as the dominant figure in his life, was a graduate in geography and a grammar school teacher. His father was a salesman in the printing industry.

Simons's parents, besides holding strong left-wing views, were also committed vegetarians. Simons claimed to have absorbed these views and also the strongly questioning attitudes impressed upon him by his mother:

At grammar school, his non-conformist views and questioning attitudes led him to a relatively unsuccessful educational career, and he left school at the age of 19 without taking 'A' levels. Simons said:

"Mother had a great influence on me, and taught me to be open minded and question what I was told. That's why I didn't succeed at school. I was too busy thinking about my own ideas to accept other peoples without question."

Further, he said he had been aware of having subscribed towards minority social values:

"I knew my ideas and philosophy on life were very different to those which most people accepted without question."

On leaving school, Simons had avoided national service by registering as a conscientious objector, and had done registered work on a building site for 2 years. "There," he said, "as a bricky's labourer, I learned to swear, steal and litch."

His early occupational career had been in selling. He sold a variety of products, whilst continually changing jobs in order to increase his earn-

print and office machinery manufacturers before serving with a print machinery manufacturer for 7 years immediately before going into business with Dee.

He had been a very successful salesman - so much so, that his last employer had continually reduced the size of his sales territory in order to inhibit 'excessive' earnings. Even so, he had earned approximately £3,500 p.a. However, the possibilities of going into higher management, for which he saw his abilities as fitting him, he estimated as being slim. Without formal management education, and with a strongly non-conformist character, he was not considered management material. In 1961, he met Dee, whilst making a sales call to Dee's employer, and the 2 of them decided to form 'Rapidprint'.

At the age of 23, Simons married a teacher and, at the time of the research project, had 2 children at local state junior schools:

Politics:

- (a) Voted Labour.
- (b) Parents had voted Labour.
- (c) Claimed to vote primarily as a private citizen rather than as a businessman.
- (d) Saw the difference between the two major political parties as being based essentially upon their respective claims to greater administrative efficiency.

Religion: Atheist.

Life-Style:

- (a) Make of car: Ford Capri (supplied by the firm)
- (b) Location and value of house: East Molesey, £30,000.
- (c) Type of school chosen for children: State junior schools.
- (d) Holidays taken at: In Britain.
- (e) Leisure interests: general reading and theatre-going.

(g) Principal friends in leisure life:

<u>Occupation</u>	<u>Situation of Initial Meeting</u>
Teacher	Friend of wife
Teacher	Friend of wife
Salesman	From former employment
Print Manager	Customer
Retired	Parents

1.2.3. JEFFREY SALMON

Jeffrey Salmon was born in 1937 and, like Simons, had been the only child of a middle-class family. His father had been a partner in a firm of accountants, and his mother was a hotel receptionist. Salmon was educated privately, and left school at the age of 17.

On leaving school, he had had no strong preferences for a career, but a leisure interest in photography had led him to take a job as a photographer with the Civil Service. He had found this employment frustrating due to the preponderance of bureaucratic procedures embracing rules and regulations which he saw as constraining personal initiative.

At the age of 25, Salmon began to hire premises and organize evening jazz sessions (he was himself a jazz instrumentalist and played at these clubs). In 1963, at the age of 26, he had registered a company with a Spanish colleague. The company had been formed with the intention of sponsoring charter flights and selling them to travel agents. However, a charter flight crash at that time led to a tightening of the regulations governing the granting of licenses and, in the event, the entrepreneurs were refused a license.

At this stage, Salmon had been without employment and had decided to attempt a second entry into entrepreneurship. He purchased a second-hand

18 months, he had failed to achieve a living income from the firm and returned to employment.

Salmon had subsequently worked for 2 small printing firms, each employing less than 20 personnel, as a camera operator before joining Modern Offset Limited in 1967. On each occasion he had moved for an increase in salary, and had chosen to work for a small firm in order to be able to identify with a functionally important role in the firm.

By 1969, he had been earning a salary of £2,000 p.a. with Modern Offset, and said that he would have left in search of a higher salary if he had not been offered a directorship in the firm.

At the age of 21, Salmon had married a grocer's daughter, and, at the time of the research project, had a son at private school.

Politics:

- (a) Voted Conservative.
- (b) Parents had voted Conservative.
- (c) Claimed to vote as a private citizen rather than as a businessman.
- (d) Saw the differences between the two major political parties as being based upon fundamentally different ideological standpoints.

Religion: Non-practising Christian.

Life-Style:

- (a) Make of car: Hillman Imp.
- (b) Location and value of house: Kingston, £6,500.
- (c) Type of school chosen for child: private day school.
- (d) Holidays taken at: Britain and abroad.
- (e) Leisure interests: photography and music.
- (f) Membership of clubs and associations: jazz clubs.
- (g) Principal friends in leisure life:

Photographer	From former employment
Journalist	Attended same school
Part-Time Musician	Jazz Club
Taxi-Driver	Jazz Club
Solicitor's Clerk	Neighbour

1.3. RESEARCH METHOD

The researcher had experienced a greater degree of co-operation in this firm than in any other firm studied, with the sole exception of Leadprint Limited.

During the first year of the research project, all meetings had been convened on the firm's premises, and had involved only one respondent - Ronald Dec. On the occasion of each visit, the Sales Director, Simons, had been away from the firm visiting customers. However, during the second year of the project, a rapport was established with Simons and, during the final year of the project, Salmon was appointed a director of the firm and subsequently incorporated into the project.

Questionnaires and semi-structured interviews were used to generate data. Full access was granted to all financial documents. However, documented material was not available in respect of labour turnover and absenteeism, but the Managing Director was able to give recent labour turnover figures from memory for the purposes of the project.

The firm was categorized by the Ministry of Labour as being in the 0-10 personnel size category at the outset of the research. However, due to the firm's recent move to a new and larger premises, the workforce size had increased to 19 personnel (including Dec and Simons). In view of the fact that the firm had comprised less than 10 personnel in the fairly immediate past, however, the entrepreneurs' offer of co-operation in the research project had been accepted.

27 of these, the researcher met Dee only - 26 times on the firm's premises, and once at Kingston Polytechnic, when the researcher invited Dee to lunch. On 3 other occasions, the researcher met Simons at the firm and, on 2 further occasions, met Salmon. In addition, all 3 research subjects visited the college on one occasion when the researcher invited them to a private showing of a work-study film on the printing industry. The other contact occurred when all 3 of the entrepreneurs attended a meeting on small businessmen, convened by the Kingston branch British Institute of Management, at which the researcher was one of 3 guest speakers.

A total of approximately 60 hours contact time was devoted to research in this firm in addition to time spent studying the firm's file at Companies House.

1.4. ENTREPRENEURIAL GOALS

1.4.1. RONALD DEE

In 1968, Dee claimed to be able to recall his personal goals at the time of entry into entrepreneurship in 1962, and ordered them as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Independence	20.0
2	Being able to pick the people you work with	18.0
3	Security	16.5
4	Building something to leave to the son/s	16.0
5	Finding an outlet for personal abilities	14.5
6	The status associated with Being your own boss	11.5
7	Economic rewards	8.0
-	Achieving recognition in the field of management	0.0

Dee said that independence had been his main goal at this time, largely because he had always been sensitive towards its absence in his previous job situations. He said that he had found the army very bureaucratic and had frequently had to refer decisions, which had been well within his own competence, to a higher source of authority. Further, he said, he had experienced an additional lack of independence in being periodically transferred between army camps with little or no prior consultation.

Goal 2: "Being Able To Pick The People You Work With"

Dee said the value he had attached to this goal was structured by its absence in previous job situations. He said that, whilst serving in the army particularly, he was often forced to work with people he did not like. He said, "in fact, I sometimes hated the sight of the people I worked with."

Goal 3: "Security"

In his previous employment as an office manager, Dee had worked for a firm which had felt little compunction about sacking long-serving personnel. As a result of this, Dee claimed to have felt a need for security.

Goal 4: "Building Something To Leave To The Son/s"

Dee's 2 sons had both been at school at this time, and had been making relatively little academic progress. As a result, Dee had considered that a family business could offer them a "useful future."

Goal 5: "Finding An Outlet For Personal Abilities"

Dee said that his former job as an office manager had left his personal abilities "under employed."

Goal 6: "The Status Associated With Being Your Own Boss"

Dee said that he had always thought of self-employed businessmen as

had influenced his decision to enter into entrepreneurship.

Goal 7: "Economic Rewards"

Dec said:

"Over and above an economic return sufficient for the maintenance of a reasonable standard of living, economic rewards didn't rate very highly with me."

Goal: "Achieving Recognition In The Field Of Management"

The respondent said he would have liked to have been able to consider this as a realistic goal but could not. He said:

"Starting at 40 with a limited capital in a traditional industry didn't offer much encouragement for that."

Entrepreneurial Goals At The Time Of The Research Project

In 1968, Dec ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Independence	13.5
2	Being able to pick the people you work with	17.0
3	Finding an outlet for personal abilities	14.5
4	Economic rewards	13.0
5	The status associated with being your own boss	11.0
6	Security	8.5
7	Building something to leave to the son/s	6.0
8	Achieving recognition in the field of management	2.5

There had been 3 principal movements in Dec's ordering of goals in 1968, as compared with the time of entry into entrepreneurship in 1962. The

from positions 3 and 4 to occupy positions 6 and 7, adjacent to the goal of 'Achieving recognition in the field of management', which was claimed as a goal for the first time.

Further, the goal of 'Economic rewards' had moved from position 7 to position 4. Thus, if the adjacent goals of 'Status' and 'Economic rewards' had been reversed in order, the 8 goals would have been arranged in the exact order predicted by the sequence of latent social identities.

Thus, whereas Dee's ordering of his goals in 1962 appeared to have been strongly influenced by his previous employment experiences, and his situation in the labour market, by 1968, his ordering of goals appeared to be closely aligned with the hypothesized sequence of latent social identities.

The essential movement in the ordering of goals had been the relegation of the 2 'Manager' goals claimed in 1962. In each case, the entrepreneur had justified their relegation in terms of their perceived expectations of attainment:

Goal : "Security"

Dee said that, after several initial difficult years in business, he did not feel secure:

"We stand more chance of going bankrupt than making a fortune."

Goal : "Building Something To Leave To The Son/s"

By this time, Dee's 2 sons had both left school, and had rejected the option of joining the firm, in favour of earning high wages in semi-skilled employment elsewhere.

The Firm's Continuing Financial Losses And A Decision To Advertise For Capital.

In September, 1968, with provisional trading figures available for

additional capital to finance current trading, in order to avoid bankruptcy.

At the beginning of the previous year, the entrepreneurs had estimated that a sales turnover figure of £21,000 was required in order to meet the cost of the firm's overheads and wages, and that an additional £15,000 sales turnover was required in order to meet material costs, directors remuneration and to make a profit.

In the event, a sales turnover figure of £35,095 was achieved. However, the bulk of this sales figure was achieved since devaluation, and had involved higher material costs - essentially paper - than had been previously anticipated. As a result, a trading profit of only £398 was established which, after payment of directors remuneration of £2,842, resulted in an overall loss of £1,444. This, with a negative balance carried forward from previous years, resulted in an overall accumulated loss of £2,431.

At this stage, Dee estimated that the firm needed to achieve a future sales turnover figure of £49,000 p.a. to reach break-even point. However, he said:

"Without extra trading capital being brought into the firm, we face the possibility of bankruptcy during the next year. Our only hope of making a profit is to increase turnover, but then we're inviting disaster by over-trading."

As a result of the firm's financial difficulties, the following advertisement was placed in the 'Financial Times', 'The Sunday Times', 'The Sunday Telegraph', and one printing journal:

"Offset Litho company. Well established in excellent premises in S.E. England requires additional finance for expansion. Directorship available. Write in confidence to Managing Director, Box No....."

Dee said that the decision to advertise for outside capital had been made "slowly and reluctantly." (During a previous interview, he had said that the introduction of outside equity into the business, if it involved dispersing control of the firm, would be unacceptable to him, as it would undermine both his independence and security of employment). However, he now claimed that the firm could not extend its borrowing capacity from its bank without offering personal security, and that additional finance was urgently required.

Dee said at this stage that, if the firm failed to recruit outside capital, it might manage to survive, but would almost certainly face great difficulties. He said that liquid capital had, at all times, been in very short supply in the past and, after a further unprofitable year's trading, was in even greater demand. Further, he said, the firm was hoping to achieve a sales turnover for the current year of £52,000 which, on the existing capital, would render the firm in danger of over-trading. He said, "we are just managing to keep ahead of our creditors. If they catch up with us, we're finished."

Dee said that the decision to advertise for capital had been, in effect, made by himself after consultation with his co-director. He said that he had always considered this strategy of advertising for outside capital to be a possibility, but an undesirable last resort. He said that the firm's continued lack of profitability in the current year had forced his decision. He said that he had "decided what needed to be done" and "explained it to Gerald Simons (Sales Director) to get his agreement."

The firm received 19 replies to the above advertisement. Thirteen of these were from individuals, of whom only 2 had had previous experience in the printing industry. The remaining 6 were from:

- (1) A printing products sales agency.
- (2) A business consortium.
- (3) A publicity marketing company.

- (4) A firm of chartered accountants, writing on behalf of an un-named client.
- (5) An advertising agency.
- (6) A firm manufacturing display materials.

All 19 parties were presented with a description of the firm and its history. Thereafter, only 3 of the recipients maintained contact with the firm. One of these was purely an investor who had made money from property deals and was looking for suitable investments. Another was from the printing products sales agency, and was willing to discuss recruiting orders for the firm, but was unwilling to invest in it. The third was himself a printer who was trying to recruit sub-contract work from the firm and, again, had no interest in investing in the firm. These 3 individuals were shown around the firm, and the only potential investor then declined to invest.

Proposed Merger With Ferry Printing Works Limited

Following the failure of the attempt to recruit outside capital, the firm investigated the possibility of a merger with another local firm of printers. This firm - Ferry Printing Works Limited, was run by a first generation entrepreneur and his son. This firm used the traditional letterpress printing technology and operated quite profitably in a cheap rented premises. The firm had accumulated reserves of approximately £7,000 available for expansion or investment.

Thus, the possibility of a merger was considered with a view to appraising the respective advantages of harnessing Ferry Printing's accumulated reserves to financing Modern Offset's growth in the expanding litho sector of the industry. The merger was suggested by the firm's mutual accountants who were subsequently commissioned to report on the financial situation of both firms with recommendations for a possible merger. (Their report is presented in Modern Offset case-study appendix 1 - see end of case-study).

The differences between the 2 firms appeared to be quite marked:

Modern Offset was run by first generation entrepreneurs, using a litho printing technology; it occupied a rented premises costing £1,367 p.a.; it had assets of £19,800 but was financed largely by credit, hire purchase and bank loans. The true value of the company was estimated at only £5,000, and the firm had accumulated losses of £2,431. Ferry Printing, on the other hand, was controlled jointly by a first and a second generation entrepreneur using a letterpress printing technology; it occupied a rented premises costing only £200 p.a.; it had assets of £23,477 of which £16,930 was financed by capital and reserves. Thus, the true value of the firm was £16,930 (more than 3 times the true value of Modern Offset Limited) and the firm had accumulated profits put to reserve of £7,095 (compared with Modern Offset's accumulated losses of £2,431).

However, despite the differences in the real values of the 2 firms, Modern Offset had the higher sales turnover figure : £35,095 in 1968 as opposed to £27,879 by Ferry Printing. Further, it was Modern Offset which was situated in the lithographic growth sector of the industry and was planning an increase in sales turnover in 1968-9 to £52,000 - a figure nearly double that achieved by Ferry Printing in the previous year.

The terms requested by Doe and Simons, as a basis for a merger, were the formation of a holding company with shares equally distributed between the 2 currently existing firms. However, the owners of Ferry Press appeared reluctant to put their hard-earned gains of many years at risk in a merger which could have jeopardized the survival of both the firms concerned. A statement in the accountant's report relating to Modern Offset, appeared to state the difficulties quite clearly:

"It is clear that a substantial increase in (sales) turnover is required, coupled with possible cuts in overheads, in order to earn profits sufficient to pay reasonable remuneration to the Directors, and to show additional profits to produce a return on capital invested and recoup past losses."

In the event, no merger occurred. The owners of Terry Printing achieved their desired diversification by the outright purchase of a small 3-man litho printing firm, whilst Modern Offset was left to face the future alone.

Offer For Control From Chesham Amalgamations And Investments Limited

In June, 1969, the firm received a letter from Chesham Amalgamations and Investments Limited, stating that a client - a public company - was interested in purchasing either part or total ownership in the firm. Dee and Simons considered that the interested firm was possibly their sole public company customer: Granada Cinemas.

Prior to the opening of negotiations with 'Gresham', Dee said that he had recommended to Simons a strategy for dealing with any forthcoming offers, and Simons had agreed. They agreed that, due to the firm's financial difficulties, they would be willing to accept any bid for either part or total control of the firm, on condition that they were allowed to maintain some independence by continuing to run and expand the firm along already established lines. Dee said that this situation, under the circumstances of current financial difficulty, would be acceptable to him as long as he was guaranteed continuing employment in the firm.

However, the entrepreneurs said that, if the interested party was indeed Granada, then it was possible that this would involve the firm becoming a captive unit (i.e. solely servicing the printing requirements of Granada). They said that this situation would not be acceptable to them as it would undermine their independence completely, and eliminate the sales function altogether, thus challenging Simons's usefulness for the firm.

However, in the event, the talks with 'Gresham' fermented no firm offer for shares. Dee claimed that the reason given had been that Modern Offset was "too small" a unit to interest the prospective buyer.

When the researcher visited the firm in October, 1969, he found Dee in a very optimistic mood. Dee pushed a draft copy of the firm's profit and loss figures for the financial year 1969-70 in front of the researcher. These revealed a net pre-tax profit of £8,000 (before payment of £5,000 to the directors). This was the first profit, after payment of directors' remuneration, that the firm had established in its entire trading history.

However, this profit had not been anticipated by the entrepreneurs who had, in fact, expected a loss after payment of their own remuneration. Dee said he had been, "pleasantly surprised" at the profit. Further, he had subsequently presented the firm's profit and loss figures to his bank manager who had, as a result, agreed to extend the firm's overdraft by £2,000.

The Formation Of 'Roadpower Delivery Services'.

Early in 1970, Dee had devised a strategy for interesting his 2 sons in entrepreneurship. He purchased 2 transit vans and set up a delivery service - 'Roadpower Delivery Services', which they operated and serviced.

Within a matter of weeks of the formation of this business enterprise, Dee had ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Independence	19.5
2	Being able to pick the people you work with	18.5
3	Economic rewards	15.5
4	Building something to leave to the son/s	14.0
5	Security	12.0
6	Finding an outlet for personal abilities	11.5
7	Achieving recognition in the field of management	8.5
8	The status associated with being your own boss	6.0

Dee continued to value these goals very highly, and reiterated that they had been the principal goals structuring his entry into entrepreneurship. Further, he said that, in the light of the firm's current profitable trading situation, neither of these goals were likely to be challenged by an economically enforced takeover or merger.

Goal 3: "Economic Rewards"

Dee had continually drawn a relatively low salary from the firm in an attempt to augment its financial difficulties. In fact, he had drawn only about £1,000 p.a. from the firm, which was quite substantially below his market value. In addition to this, he had had a car supplied by the firm but, even so, had not attained the standard of living to which he aspired. However, with the firm's emergent profitability, he said that he was beginning to perceive aspirations towards a higher standard of living as being realistic, though he added:

"I shall still limit my personal salary to some extent for another 2 or 3 years in order to consolidate the firm's growth and profitability."

Goal 4: "Building Something To Leave To The Son/s"

Dee said that he had been "very comforted" by the interest and enthusiasm which his sons had shown in the 'Roadpower Services' venture, and that this had been made possible by the existence of Modern Offset Limited, for the latter had serviced all of 'Roadpower Services' administrative needs. In addition, Dee hoped that the independence and job satisfaction which his sons would experience in self-employment would motivate them to join Modern Offset Limited at a later date, and run the firm following his eventual retirement.

Dee still considered his security to be vested essentially in his accumulated personal savings rather than specifically in the firm. However, since 1962, he had made personal loans to the firm totalling £10,000, in order to ensure its survival. Thus, his security had become inter-twined with the survival of the firm. Prior to making a decision to advertise for extraneous capital, some months previously, Dee had decided not to make any further personal loans to the firm, thus limiting the risk to his overall security. However, the firm's recent profitability had increased the prospects of the eventual recovery of his £10,000 loan from the firm, and thus increased his level of experienced security.

Goal 6: "Finding An Outlet For Personal Abilities"

Dee considered this goal to have been in large measure attained and said that in view of the firm's profitability, it was unlikely to be challenged. On the other hand, he said that the firm's rate of growth in the future was likely to be considerably less than it had been in recent years and that, as a result, the possibilities for any greater degree of attainment of this goal, before the time of his retirement, were limited.

Goal 7: "Achieving Recognition In The Field Of Management"

Since achieving a trading profit in the financial year ending 1969, Dee had joined the British Institute of Management, and had begun to attend meetings of the local branch. He said:

"I feel I'm a little on the old side to start blazing a trail as an outstanding manager, but at least now I don't feel self-conscious about meeting and talking with other managers. The fact that we're making a profit has given me the confidence I want to make me think of myself as a fully-fledged manager rather than an amateur."

Dec claimed that this goal had been essentially attained. He claimed to experience gratification of the goal essentially within the firm rather than in wider society, even though, at the time of entry into entrepreneurship, he had claimed to have regarded self-employed businessmen as "much respected members of the community." In practice, he claimed, however, to experience greater status differentials between himself and his employees in the work situation than he did between himself and those with whom he interacted outside the firm.

1.4.2. GERALD SIMONS

Simons said that his entry into entrepreneurship had not been strongly structured by economic considerations. On the contrary, he had been earning £3,500 p.a. in previous employment whereas, on going into Modern Offset full-time, his salary had dropped to £2,000 p.a. Rather, he said, he had been seeking a challenge and an escape from the "remote control" and "inefficiency mismanagement" of the large firm. He had experienced a relatively low level of job satisfaction in employment and had found that, because he had typically achieved a relatively high rate of sales, he had suffered the frustration of having the size of his sales territory continually reduced.

Simons ordered his entrepreneurial goals, as they had applied at the time of entry into entrepreneurship, as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	"Escaping the mismanagement and inefficiency of the large company."	19.0
2	Finding an outlet for personal abilities	17.5
3	Independence	14.5
4	Being able to pick the people you work with	11.5
5	Economic rewards	9.0
6	Achieving recognition in the field of management	7.5

8	Security	3.5
-	Building something to leave to the son/s	0.0

The above ordering of goals appeared to correspond very closely with his experiences in his former employment. Here he had felt that, despite his high level of performance in his role as a salesman, attainment of the first 4 of the above goals had been frustrated, on the one hand by his employers' reducing the size of his sales territory, and thus reducing his opportunities to 'excel' in his job, and, on the other hand, by his employers' withholding promotion and thus frustrating his aspirations towards attaining greater status and recognition in his work role.

Goal 1: "Escaping The Mismanagement And Inefficiency Of The Large Company"

Simons claimed that large firms were inefficient insofar as they discouraged personal initiative.

Goal 2: "Finding An Outlet For Personal Abilities"

This goal, Simons claimed, had previously been frustrated in employment both by limited promotion opportunities and by his firm's policy of continually reducing the size of his sales territory.

Goal 3: "Independence"

Simons said that he had valued the independence from authority relations which entrepreneurship had structured. He said that many of his unorthodox attitudes had gone "unappreciated" in employment, where he had experienced strong pressures to conform.

Goal 4: "Being Able To Pick The People You Work With"

Simons claimed that he had valued this as a goal, at the time of enti

its attainment in previous employment.

Goal 5: "Economic Rewards"

Simons had taken a reduction in salary from \$3,500 p.a. to \$2,000 p.a. on entry into entrepreneurship, but said that his accustomed life style would permit no greater reduction.

Goal 6: "Achieving Recognition In The Field Of Management"

Simons claimed to have had aspirations towards promotion to a managerial role in employment, which stemmed from his successful performance in his role as a salesman. However, he had finally considered himself to be "too outspoken" to attain the above goal through promotion in employment, and thus sought it through entrepreneurship.

Goal 7: "The Status Associated With Being Your Own Boss"

Simons said that the location of his work, i.e., outside the workplace, acted to limit his opportunities for interaction with subordinates, and thus limited his opportunities for attainment of this goal.

Goal 8: "Security"

Simons said he had previously achieved security in employment through his exceptional performance as a salesman. Thus, his market value as a salesman, he said, would guarantee him security in an employment situation but not necessarily in entrepreneurship. He said:

"If you originate from a rich family, and your father buys you a firm for your 21st (birthday), you have security through breeding, but that doesn't mean you'll get it in business - that requires survival and continued profitability."

However, Simons said that he felt he had some security as an entrepreneur by virtue of the respective entrepreneurial talents possessed by Dec and himself:

"Ronald's a good managing director and I know how to sell. You've got to be persistent and have plenty of confidence. I trained with Olivetti - they know how to sell - and I showed later on that I can put it into practice."

Simons continued:

"It's the working class entrepreneurs who fail. People setting up a printing firm often start with a second-hand multilith. I sold about 30 with my last firm and about 20 of them were budding entrepreneurs. Most of them were working class and failed. The rest were middle class and mostly succeeded. The working class entrepreneurs nearly all lacked the confidence to bluff their way through and promise the impossible. Another mistake they made was paying their bills on time instead of taking credit."

Goal: "Building Something To Leave To The Son/s"

At the time of entry into entrepreneurship, Simons had had no children.

Simons's Entrepreneurial Goals In 1969

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	18.5
2	Independence	17.0
3	Economic rewards	16.5
4	Achieving recognition in the field of management	12.5
5	Security	11.0
6	Building something to leave to the son/s	5.5

The status associated with being your own boss

0.0

Simons had upgraded economic rewards as a goal because, he said, the firm had begun to make profits, which meant that he could aspire towards his former living standard once again. Likewise, he attached a high value to security. However, he omitted to claim the goals of status and picking co-workers which, he said, had proved unrealistic due to the nature of his functional specialization - selling - which necessitated his working essentially in isolation.

In 1970, Simons reversed the order of the goals of independence and economic rewards when, he said, the firm's newly established profitability would facilitate an increased level of economic remuneration and higher living standard for him.

1.4.3. JEFFREY SALMON

Salmon ordered his personal goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	18.0
2	Independence	16.5
3	Finding an outlet for personal abilities	14.0
-	Being able to pick the people you work with	0.0
-	The status associated with being your own boss	0.0
-	Security	0.0
-	Building something to leave to the son/s	0.0
-	Achieving recognition in the field of management	0.0

Goal 1: "Economic Rewards"

Salmon said that this was his most highly valued goal because, "it buys

Freedom of good living standards, clever opportunities, holidays, etc.

Goal 3: "Finding An Outlet For Personal Abilities"

Salmon said:

"I would have left this firm for more money by now but for my directorship. I value this highly, but not from the status aspect - it's just evidence that I'm progressing in my job and therefore finding an outlet for my own abilities."

Goal : "The Status Associated With Being Your Own Boss"

Salmon said:

"There's no status in industry nowadays because you can't be distant from people if you're going to get the best out of them. Mr. Dee has different ideas on this - he likes to give orders - to issue commands - it stems from his generation and army background. But you can't get away with it these days - people want to be informed and to feel involved. You've got to consult people and get them interested in what you want them to do. I get more response from people than Mr. Dee can."

The Remaining Entrepreneurial Goals Not Claimed

Salmon claimed that he had omitted to claim the remaining entrepreneurial goals on the grounds that aspirations towards their attainment would have been unrealistic.

1.5. ORGANIZATIONAL GOALS

1.5.1. RONALD DEE

Dee ordered the firm's goals, as they had applied at the time of entry into entrepreneurship, as follows:

1	To provide employment for the owner/s	20.0
2	To make a profit as a return on capital invested in the firm	11.5
-	To provide employment for employees	0.0
-	To provide the market with goods and services	0.0

Dee said that, at that time, he had seen the 2 latter goals as having "no meaning" except in the context of the 2 former goals.

By 1970, Dee ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	17.0
2	To make a profit on capital invested in the firm	15.5
3	To provide employment for employees	6.5
4	To provide the market with goods and services	3.5

PROFIT (Appendix 1. 0.11)

- (i) Function Of Management: Dee selected questionnaire alternative (a), i.e., Profit Maximization.
- (ii) Policy On Profits: Dee selected questionnaire alternative (b). He said: "On strictly economic grounds, I shouldn't invest money in the printing industry at all."
- (iii) Determination Of An Acceptable Level Of Profit: Dee selected questionnaire alternatives (k), (a), (b) and (d) in that order.
- (iv) Justification Of Profit: Dee selected questionnaire alternative (a) consistent with an ideology of Laissez-Faire.

1.5.2. GERALD SIMONS

Simons ordered the firm's goals as he perceived them at the time of entry into entrepreneurship, as follows:

1	To provide employment for the owner/s	19.5
2	To make a profit on capital employed in the firm	13.0
-	To provide employment for employees	0.0
-	To provide the market with goods and services	0.0

Simons said that both he and Dee had taken reductions in salary in order to enter entrepreneurship and had foreseen, "years of hard work with no guarantee of eventual success" ahead of them. He said he had been aware of the risks associated with entrepreneurship because of his former experiences in selling second-hand printing machines to "budding entrepreneurs." Thus, the provision of self-employment and the attainment of the associated intrinsic work-role gratifications appeared to have been the firm's principal organizational goal in 1961.

Simons said that the goals of providing employment for employees and providing goods and services for the market had not functioned as goals at that time:

"We had no employees, and started off producing a rapid service printing product that no-one was willing to pay for. This is still our big headache today - finding a specialized corner of the market so that we're producing something that makes our customers dependent upon us. But, even when we do, we won't be the only people doing it and we won't be doing it for altruistic reasons."

In 1970, Simons ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital employed in the firm	13.0
2	To provide employment for the owner/s	17.5
3	To provide the market with goods and services	5.5
4	To provide employment for employees	3.0

market, and employment for employees:

"As a salesman, you tend to build up a personal relationship with your customers and, as an employer, you do the same. This only really applies for existing customers and employees. I suppose it's a thing every salesman feels for his customers, and every departmental manager feels for his workers. But, in a small firm, the managers are the owners, and so these goals become the firm's goals. If we ever become big enough for Ronald and I to spend all day in a board room, and send other people out to sell and manage, then the personal involvement will have gone, and our interest will be solely one of what's good for the firm itself."

PROFIT (Appendix 1. 0.11)

- (i) Function Of Management: Simons selected questionnaire alternative (a), i.e., "Profit Maximization."
- (ii) Policy On Profits: Simons said that "within the context of the printing industry," questionnaire alternative (a) applied.
- (iii) Determination Of An Acceptable Level Of Profit: Simons selected questionnaire alternatives (k), (j) and (b) in that order.
- (iv) Justification Of Profit: Simons selected questionnaire alternative (c), consistent with an ideology of Social Responsibility.

1.5.3. JEFFREY SALMON

In 1970, Salmon ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit on capital invested in the firm	18.5
2	To provide employment for the owner/s	9.5
3	To provide employment for employees	8.0
4	To provide the market with goods and services	7.0

goal 1 (profit) was, "a goal you have no choice about - you must make profit to progress."

PROFIT (Appendix I. 0.11.)

- (i) Function Of Management: Salmon selected questionnaire alternative (a), i.e., "Profit Maximization."
- (ii) Policy On Profits: Salmon again selected questionnaire alternative (a).
- (iii) Determination Of An Acceptable Level Of Profit: Salmon selected questionnaire alternatives (c), (b), (a), (d) and (g) in that order.
- (iv) Justification Of Profit: Salmon selected questionnaire alternative (b), consistent with an ideology of Long-Term-Company-Interest.

1.6. LEADERSHIP AND DECISION-MAKING

Management meetings were convened in this firm, on average, every 3-4 weeks. They were convened essentially at the initiative of the Managing Director, but were timed to coincide with the Sales Director's pre-programmed visits to the firm.

STRATEGIC DECISIONS

The principal strategic decisions made in the firm, during the research project, were the decision to propose a merger with Ferry Printing Limited on the one hand, and the decision to advertise for outside capital on the other. Both Simons and Salmon claimed that Dee had made these decisions himself, and used a persuasive approach in order to secure their acceptance. Simons justified this situation in terms of Dee's superior financial expertise, and Salmon justified Dee's persuasive leadership style in terms of the fact that Dee had a disproportionately large investment in the firm compared with the other directors.

The other important strategic decisions - those of moving to a new

premises in 1966, and changing the firm's principal product line from jobbing printing to technical manuals - appeared once again to have been formulated essentially by Dee using a persuasive leadership style. However, Simons said that this had never resulted in a conflict situation due to a prior understanding that no major decision would be implemented until full agreement had been reached.

ADMINISTRATIVE DECISIONS

Simons and Salmon claimed that Dee adopted a consultative or democratic approach in administrative decision making. Again, they claimed that discussion on any issue continued until a stage was reached where a complete consensus of opinion existed.

COMMUNICATIONAL DECISION MAKING

Simons had no immediate subordinates as a result of being the firm's sole salesman. However, Dee and Salmon had the firm's total workforce under their direct control. Dee claimed to adopt an autocratic leadership style in communicational decision making whilst Salmon claimed to adopt a consultative leadership style (see Salmon's comments on the entrepreneurial goal of 'Status')

1.7. JOB SATISFACTION

1.7.1. RONALD DEE

<u>Job Situation</u>	<u>Level Of Job Satisfaction</u>
In the army as a soldier	Moderate (4)
In employment	Moderate To Low (3)
Initial years in entrepreneurship (1961-67)	Moderate (4)
Later years in entrepreneurship (1967-69)	Moderate To High (5)
End of financial year 1968-9 onwards	High (6)

Dee said that his level of job satisfaction had increased on moving

to one of the new premises in 1961, and then again since the achievement of the firm's profit in the financial year 1968-9:

"We're now seeing the desired results, and feel that all our efforts are worthwhile. It's very reassuring to have finally shown that we have the ability to run a business successfully."

1.7.2. GERALD SIMONS

<u>Job Situation</u>	<u>Level of Job Satisfaction</u>
In employment	Moderate (4)
In entrepreneurship (1961-69)	High (6)
End of financial year 1968-9 onwards	Very High (7)

1.7.3. JEREMY SALMON

<u>Job Situation</u>	<u>Level of Job Satisfaction</u>
Civil Servant	Very Low (1)
Print firm joined on leaving Civil Service	Moderate (4)
Print firm joined prior to joining Modern Offset Limited	Moderate (4)
Modern Offset as an employee	Moderate To High (5)
Modern Offset as a Director	High (6)

Salmon said:

"Morale has been much higher with Gerald and Mr. Dee since the results (1968-9 profit figures). Gerald Simons told me he was thinking of packing up a year ago, but morale is sky high now, and both Gerald and Mr. Dee are working harder than ever - they stay later to finish jobs now, whereas they used to feel they'd had enough for one day and turn it in."

1.8. ROLE TIME INTENSITIVITY

1.8.1. RONALD DEE

Dee claimed to work, on average, between 8.0 a.m. and 5.30 p.m. on the firm's premises 5 days a week, and to devote one hour at home during each evening to estimating prices on jobs for which the firm had been invited to quote. In addition, he claimed to work between 8.0 a.m. and 12.30 p.m. on Saturdays. Thus, average total working week = 52 hours with 2 weeks annual leave.

1.8.2. GERALD SIMON

Simon claimed to work, on average, between 8.30 a.m. and 7.30 p.m. (inclusive of entertaining), 5 days a week. Thus, average total working week = 55 hours, with 3 weeks annual leave.

1.8.3. JEFFREY SALMON

Salmon claimed to work, on average, between 8.0 a.m. and 6.30 p.m., 5 days a week, and 8.0 a.m. to 12.30 p.m. on Saturdays. Thus, average total working week = 59½ hours with 3 weeks annual leave.

1.9. BUSINESS IDEOLOGY

1.9.1. RONALD DEE

<u>Nichols's</u> <u>Subject Groups</u>	<u>Ideological Set</u>		
	<u>S.R.</u>	<u>L.F.</u>	<u>I.T.C.I.</u>
Redundancy	-	1	-
Purpose	-	-	1
Information	-	-	1
Public Life	-	1	-
	<u>0</u>	<u>2</u>	<u>2</u>

(Dee claimed that, as a manager of a large firm, he would subscribe towards

claimed that managers of large firms should be willing to accept some responsibility for redundancy, and to "accept public service").

<u>Appendix 1 Q's 11-15</u>	<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
Profit	-	-	1
Employees	-	2	1
Customers	-	1	-
Government	-	-	1
Employers Organizations	-	-	1
	0	3	4

1.9.2. GERALD SIMON

<u>Nichols's</u> <u>Subject Groups</u>	<u>Ideological Set</u>		
	<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
Redundancy	1	-	-
Purpose	1	-	-
Information	-	-	1
Public life	-	1	-
	2	1	1

Appendix 1 Q's 11-15

Profit	1	-	-
Employees	1	1	1
Customers	-	-	1
Government	1	-	-
Employers Organizations	-	-	1
	3	1	3

Nichols'sIdeological SetSubject Groups

	<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
Redundancy	-	1	-
Purpose	-	1	-
Information	-	-	1
Public Life	-	1	-
	<u>0</u>	<u>3</u>	<u>1</u>

Appendix 1. O's 11-15

Profit	-	1	-
Employees	-	1	2
Customers	-	1	-
Government	-	-	1
Employers Organizations	-	-	1
	<u>0</u>	<u>3</u>	<u>4</u>

1.10. ENVIRONMENTAL CONTROL1.10.1. LABOUR SUB-ENVIRONMENT

The firm kept no permanent records of labour turnover, but the researcher was able to recruit data by requesting the entrepreneurs to personally recall individual departures from the firm.

Throughout the research project, Ronald Dec had claimed no problems in recruiting the number of staff required by the firm. However, he claimed difficulties relating to the competence of the firm's workforce and, as a result, operated a policy of attempting to replace workers, whom he regarded as incompetent, whilst they worked at the firm. When competent staff became available, existing incompetent staff were dismissed. This appeared to be one of the main causes of labour turnover in the firm.

The firm's labour turnover was as follows:

Workforce Size	6	3	9
Labour Turnover	1	1	2
Percentage Turnover	16.7	33.3	33.2

1967

Workforce Size	9	5	14
Labour Turnover	3	2	5
Percentage Turnover	33.3	40.0	35.7

1968

Workforce Size	12	7	19
Labour Turnover	5	3	8
Percentage Turnover	41.7	42.8	42.1

1969

Workforce Size	12	6	18
Labour Turnover	5	4	9
Percentage Turnover	41.7	66.6	50.0

1970

Workforce Size	13	8	21
Labour Turnover	6	5	11
Percentage Turnover	46.1	62.5	52.5

Absenteeism

Again no precise records were kept. However, during each visit to the firm, the researcher made a record of the number of personnel absent on that particular day. On the basis of this data, the researcher was able to record an average absentee rate of approximately 3 per cent.

Unionization

The firm was not unionized, and stated this as a major factor structuring the firm's difficulties in recruiting staff. Trade union members

were then made by trade union officials, who claimed that union members would be allowed to work at the firm only if a trade union official was allowed to address a meeting of all of the firm's workers. Dee refused to allow the union's requests.

1.10.2. WORKFORCE EFFICIENCY SUB-ENVIRONMENT

(a) Administrative Control Systems

The firm appeared to be unable to justify the existence of elaborate administrative control systems. Difficulties had been experienced in production scheduling until a production control system was devised in 1969 with help from Kingston Polytechnic. However, difficulties still arose as a result of the firm not being able to justify full-time shop-floor supervision

The sales function in the firm appeared to be efficient from an administrative viewpoint but the estimating, buying and stock control functions were all performed by the firm's Managing Director, and not by functional specialists. Whilst the Managing Director expressed a desire to eventually delegate these responsibilities to specialists with both training in these functions and time available to perform the functions efficiently, he claimed that the firm, in its existing situation, could not afford the cost of such specialists, and could not justify their services on a full-time basis in any case.

(b) Workforce Structure

The firm's workforce structure was as follows:

OCCUPATIONAL CATEGORY	MALE	FEMALE	TOTAL
ADMINISTRATIVE CATEGORIES			
(1) Management & Supervision	(1.5) 3	(0) 0	(1.5) 3
(2) Professionals	(0) 1	(0) 0	(0) 1
(3) Clerks	(0) 0	(0.5) 2	(0.5) 2
PRODUCTIVE CATEGORIES			
(1) Craftsmen	(4) 9	(2) 4	(6) 13
(2) Operatives	(0) 0	(1) 2	(1) 2
(3) Labourers	(0) 0	(0) 0	(0) 0
	(5.5) 13	(3.5) 6	(9) 21

Ratio of administrative workers to total workforce = 3/21 (2/9)

= 28.6 (22.2) per cent

Notes on the above data : (i) All figures in brackets relate to 1966, i.e., the first year of the 5-year period 1966-70. Other figures relate to 1970. (ii) The numbers of craftsmen stated above include camera operators who were skilled in their work, and were involved in the actual production of a final product. (iii) The numbers of female craftsmen given above include offset type-setters who were, again, involved in the actual production of a final product, i.e., in typing 'copy' material ready for photographic plate-making. (iv) The above figures include 0.5 contributions in cases where an individual worked in the firm on a part-time basis, e.g., Mrs. Dee as a half-time Company Secretary, and in cases where a function was split, e.g., the Technical Director and Printing Room Overseer each devoted approximately half of their time to supervision, and the remaining half to directly productive functions.

1.10.3. EXTERNAL AIDS SUB-ENVIRONMENT

The entrepreneurs claimed to make use of the following external aids:

To Sales:

- (1) Used a salesman
- (2) Used other printers for 'in-trade' work, i.e., provided services for other printers who wished to sub-contract work.

in commercial trade lists.

To Labour Recruitment:

- (1) Used newspapers for advertising jobs.
- (2) Used employment agencies for recruitment of staff.
- (3) Used suppliers for names of local firms terminating trading and making staff redundant.

To Recruitment of Information:

- (1) Used suppliers for information on new materials, e.g., papers, inks, etc.
- (2) Attended the annual Lithographic Printing exhibition at Olympia.
- (3) Read Printing Trade Journals.
- (4) Used Ministry Of Technology Industrial Liaison Service.

To Recruitment of Finance:

- (1) Used the Allied Trade Association to collect bad debts.
- (2) Used a bank overdraft.

Total Number Of Agencies Claimed = 12

The Firm's Use Of The Ministry Of Technology Industrial Liaison Service

In July, 1968, Dee had contacted the Ministry of Technology Industrial Liaison Officer, situated at Kingston Polytechnic, in an attempt to solve his production programming problems. The Industrial Liaison Officer had, in turn, contacted the Department of Management and Production at the college which had put a lecturer in contact with the firm.

The above lecturer had arranged for 2 students from a course for Works Managers to examine the firm's problems as a part of their course work. After carrying out interviews at the firm, aided by participant observation,

"Production planning for a printer

Modern Offset Limited, lithographic printers of Kingston-upon-Thames, employing 20 people, have been in business for under six years in a highly competitive field. The success of the firm depends on delivery promises being kept. Through Dick Priestley they were able to obtain the advice of a lecturer from the Kingston College of Technology's Management and Production Department on problems encountered both in progressing jobs through to completion and in correctly loading their machines.

Complications in production planning are inherent in the nature of Modern Offset Limited's work. Each job is different and the firm has to deal with a large range of paper types and sizes, and print styles. The firm considered that the adoption of modern techniques was essential as, being comparatively new, they lacked any long term experience.

The meeting between the College lecturer and the firm served to confirm ideas and proposals they had for dealing with their problems. An easily understood work load record system has been introduced to aid the progressing of orders. This is in a form that can be updated daily and photocopied so that all production staff are kept informed of current work progress. Also introduced is a job sheet by which machine and staff utilization can be more realistically recorded and costed. The information provided is enabling the firm to cost its work for estimating purposes more effectively."

* 'New Technology' is published by the Ministry Of Technology and the Central Office Of Information.

RONALD DEE

The firm's Managing Director, Ronald Dee, claimed that the firm's technology was adequately described by questionnaire alternative (b), i.e., "Moderately in advance of that typical for the field." In exemplification, he referred to the firm's I.B.M. Selectric Composer which, he claimed, was a modern innovation. In addition, all of the firm's other composing machines were less than 5 years old. Further, of the firm's printing machines, one was 20 years old and somewhat inefficient, whilst the remainder were all less than 6 years old, which is relatively new for printing machines.

During the research project, the entrepreneurs had taken delivery of an electrostatic platemaker which, they claimed to have learned from the suppliers, was almost unique amongst printing firms in the London area. This equipment had been available for the production of small and medium-sized photographic plates for about 2 years but, Dee claimed, had only recently been modified to produce large plates, which was the purpose for which the firm required it. He said that the equipment was one of only 3 of its kind in the London area.

GERALD SIMONS

The firm's Sales Director, Gerald Simons, claimed that the firm's technology was adequately described by questionnaire alternative (a), i.e., "Substantially in advance of that typical for the field." He said that he was aware of most innovations in the printing industry due to both his previous experience as a machine salesman, and his existing close contacts with the firm's customers.

As a result, he claimed that the technology of his own firm was more advanced than that of the majority of printing firms in his experience. In addition, Simons said that the firm was considering the purchase of an advanced bindery equipment, which would maintain the firm's technology at the

future. He claimed that only 2 firms in Britain and 30 throughout the world possessed this equipment.

JEFFREY SALMON

The firm's Technical Director, Jeffrey Salmon, claimed that the firm's technology was adequately described by questionnaire situation (c), i.e. "A little in advance of that typical for the field." Again, Salmon referred to the firm's pending decision to spend £11,000 on advanced bindery equipment. He said:

"We have to decide whether to buy it (the bindery equipment) in 4-5 years time when we could afford it safely, or, now, when it would be most useful. This equipment would certainly promote the firm's technology from situation 'c' (on the questionnaire) to 'b' or even 'a'."

Thus, allocating points between 1 and 7 in accordance with the state of the firm's technology, the firm's Mean Technology Quotient was as follows:

$$\text{Mean Technology Quotient} = \frac{\sum nx}{\sum n} = \frac{6+7+5}{3} = 6.0$$

1.10.5. MARKET SUB-ENVIRONMENT (Appendix 1. 0.10 (ii))

Established Market-Product Situations:

The firm had 2 established market-product situations. These were:

- (1) Technical journals and manuals, accounting for approximately 75 per cent of the firm's sales turnover, and
- (2) General jobbing printing products, accounting for approximately 25 per cent of the firm's sales turnover.

Market Strength:

The definitions of market strength claimed by the entrepreneurs for

MODERN OFFSET LIMITED

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>			<u>MARKET STRENGTH</u>
			<u>LOCAL</u>	<u>NATIONAL</u>	<u>INTERNATIONAL</u>	
Civil Service	Construction Industry Training Board	Technical Manuals	25 per cent	London Area		2 - 3
				}		
Civil Service	Road Transport Training Board	Technical Manuals	15 per cent	Kingston Area		1 - 2
				}		
Entertainments	Granada Cinemas	Technical and Advertising Literature	15 per cent	}		
				}		
Various	Various	Technical Manuals	20 per cent	}		
				}		
Various	Various	Jobbing Printing	25 per cent	}		
				}		

the firm's established products were as follows:

RONALD DEE

Dee said:

"To make a profit in printing, you have to specialize and make one product better than anyone else at a good price."

He claimed that, in accordance with this situation, the firm had altered the pattern of its product output from total reliance on jobbing printing, at the time of its inception, to a mixture of jobbing printing and technical journals and manuals respectively, at the time of the research project. Dee claimed a market strength of 1 for the firm's jobbing printing products, and 3 for its technical journals and manuals.

GERALD SIMONS

Simons selected market situation 3 as applying to the firm's technical manuals product-line, and market situation 2 as applying to the jobbing printing product-line. In the latter context, he qualified his selection of situation 2, as opposed to situation 1, by the following statement:

"There is intense competition in this sector of the market, but customer loyalty does still exist. They (customers), know we can do the job and have the required materials in stock. There's more human psychology involved than pure business principles indicate anyway - it's human nature."

JEFFREY SALMON

Salmon selected market strength situation 1 as applying to the firm's jobbing printing product-line, and situation 2 as applying to the technical journals sector of the firm's market.

Aggregate Market-Product Strengths:

(i) Jobbing Printing: Mean Market Strength $\bar{x} = \frac{\sum x}{n} = \frac{1+2+1}{3} = \underline{1.33}$

(ii) Technical Manuals: Mean Market Strength $\bar{x} = \frac{3+3+2}{3} = \underline{2.66}$

Aggregate Market Strength of the firm's products (S) = $(0.75 \times 2.66) + (0.25 \times 1.33) = \underline{2.33}$

Thus, the firm's total market flexibility = $EM + \underline{2.33S}$

1.10.6. KNOWLEDGE SUB-ENVIRONMENT (Appendix 1. 0.10 (iii))

<u>Elemental Sub-Environment</u>	<u>Score</u>
Labour Sub-Environment	8/10
Workforce Efficiency Sub-Environment	7/10
External Aids Sub-Environment	5/10
Technical Sub-Environment	7/10
Market Sub-Environment	6/10
	33/50

Environmental Perception Quotient = 66 per cent

1.11. MAJOR ORGANIZATIONAL PROBLEMS

As was the case with the other firms studied, each interview was concluded with a request by the researcher for the respondent to define the firm's major problems as he perceived them. The results were as follows:

1.11.1. RONALD DEC

The researcher established 27 meetings with Dec and, on 22 of these occasions, Dec claimed 2 major problems whereas, on the remaining 5 occasions, he claimed only one. Thus, he made 49 separate statements relating to the firm's major problems. These fell essentially under 5 headings:

<u>Problems</u>	<u>No. Of Occasions Stated</u>
Financial Difficulties	25
Labour Problems	11
Production Control Problems	10
Difficulties In Financial Estimating	3

as follows:

Finance:

"I can't get bank loans without offering personal security for them."

"We have difficulty getting money from customers. The big firms are the worst. They usually don't pay until they receive a second statement and that's 2 months after the goods have been delivered. I usually have to pay suppliers within one month of receiving materials, which means really that I am financing credit for the large firms. If you offer them a rebate for payment within a week or 10 days, they take the rebate and still take 2 months to pay."

"Credit is always a problem. Suppliers want fairly prompt payment. I often have to select my suppliers according to the credit they are willing to give me."

"Finance is a problem. I have to watch our cash flow very carefully. If we get a rush of orders we could go out of business because we would have to pay for the raw materials weeks before we get paid by our customers. It's no good being owed money - it doesn't stop you going bust."

"We are short of liquid capital. We are increasing our (sales) turnover and have to pay for supplies before we can get money from our customers. There's a danger of over-trading."

"We need finance to get new equipment and make certain sections of the firm more efficient."

Labour:

"We get the number of people we need but not usually the quality."

"(Quite often we have good people who come for jobs and they tell us they're in a trade union. We say we don't mind, and offer them a job, but then we run into trouble. They go back to their union, and the union tells us that he can only start with us if we will allow one of their officials along to address a meeting of our staff. They want them all in the union and we will fight them whatever happens."

"I've had to sack my print-shop overseer (supervisor). He was a good printer but he was often slipshod and set a bad example. He used to walk around gossiping, or be reading a paper whilst an untended machine was churning out scrap work."

"We need a good operator and a good supervisor immediately. Last week we lost £50 through scrap work because of carelessness and lack of supervision. A 2-colour job was trimmed before it had dried, and the black on the front page franked onto the back."

"I've had my Sales Director (Gerald Simons) absent for the last 6 weeks. This has created difficulties and made more work for me. I've had to cope with all customer enquiries on top of all my own work, and I haven't been able to visit any customers. Even your regular customers like a salesman to visit them occasionally. It's necessary for goodwill."

Production Control:

"We have difficulties in production control - supervising jobs and forecasting when they will be ready."

"Production planning and machine loading are big problems for us. All of our staff with supervisory titles are in fact operators. It's asking a lot of them really, expecting them to be both craftsmen and administrators. An absence of full-time professional supervision creates a lot of difficulties, but our scale of operations doesn't justify the expense of employing them."

"At any one time, we are quoting prices on about 10 different jobs, and know that we will only usually get about 3 of them. If we get 4 though, we are short of time and have customers shouting down the 'phone for delivery."

Estimating:

"I have difficulty in assessing true costs when estimating on jobs. It's difficult to allocate overheads or even know what they really are. Also, I find it difficult assessing the labour content of specific jobs. I experimented once by asking operators to book times on certain jobs but, if an operator spent 6 hours on a job and thought that looked a long time, he would record only 4. Production planning and costing on this basis led to extreme inaccuracies. I use time-sheets now, and make all operators account for all their time."

1.11.2. GERALD SIMONS

Simons stated the firm's major problems in terms of his own principal function, i.e., the sales function. He claimed 2 major difficulties facing the firm. These were the strength of competition in the industry and problems associated with stabilizing aggregate demand for the firm's products. Typical

statements made by Simons to describe these problems were as follows:

Competition Within the Industry:

"The printing industry is extremely competitive. Nearly all orders go out to tender, and we face stiff competition both from big and small printers. Some of the small ones are operating in back-garden sheds with obsolescent machinery, which means they have very low overheads and can turn out their products very cheaply. Also we face competition from larger printers who do jobbing printing at low prices just to absorb their own excess capacity and recover their overhead costs."

Stabilizing Aggregate Workload:

"It is difficult to ensure that, on the one hand, the firm has enough work to avoid machines being idle and, on the other hand, ensure we don't have too much work so we can't meet delivery dates."

1.11.3. JEFFREY SALMON

Like Simons, Salmon defined the firm's major problems essentially in terms of his own specialist function. He said:

"The printing industry is moving rapidly now, in terms of new materials and techniques, and we have got to keep in touch with changes and find money to buy new equipment."

1.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

Previous to the financial year 1968-69, the firm had never established a profit after payment of a modest sum in directors' remuneration. For instance, for the financial year 1967-68, the firm established a profit of £886 before directors' remuneration of £2,342. The latter figure, though an apparently modest one, converted the profit figure of £886 into an overall loss of £1,456.

However, in the financial year 1968-69, the firm made its first overall pre-tax post depreciation profit of £7,932 before Directors' remuneration of £5,071, resulting in an overall profit of £2,861. A similar profit was established in the final year of the project, 1969-70 when the firm established a profit of £8,321 before directors' remuneration of £5,969 (this excludes money paid to the non-owner director, Jeffrey Salmon. Salmon's salary was, for purpose of comparison, accounted for in the above profit figure of £8,321 i.e. his salary was treated as a cost incurred before calculating a figure for profit).

REPORT TO THE DIRECTORS OF MODERN OFFSET LTD., AND FERRY PRINTING WORKS LTD.

You have instructed us to report to you on the financial standing of your companies with recommendations as to the possibilities of linking them together.

As Auditors and Accountants to Modern Offset we have accounts for each of the four years ended 31st. August 1965, 1966, 1967 and 1968, and we have been supplied with audited accounts for Ferry Printing for each of the four years ended 31st. March 1965, 1966, 1967 and 1968.

We have summarised these accounts and enclose copies, together with a copy of each companies last audited Balance Sheet.

As regards to Modern Offset Ltd. (whose name was changed from Rapidprint Ltd., by Special Resolution on 15th. June 1967) it will be observed that the annual turnover has increased threefold over the four years and that the gross profit has more than doubled.

However, the net profit before directors remuneration varies very little in the fourth year to that produced in 1965 and is approximately £900.

Of the three Directors of the Company, Mr. Simons became actively engaged on the company's affairs from 1st. January 1968, and until that date the remuneration shown in the accounts related only to Mr. and Mrs. Dec.

It is clear that a substantial increase in turnover is required, coupled with possible cuts in overheads, in order to earn profits sufficient to pay reasonable remuneration to the Directors and to show additional profits to produce a return on capital invested and to recoup past losses.

As regards to Ferry Printing, the annual turnover has increased over the four year period by approximately one third, and the gross and net profits have increased by similar amounts.

It will be observed that the rental of Ferry Printing's premises is only £200 per annum which is obviously a contributing factor in calculating the profits earned.

Turning to the Balance Sheets it will be observed that Modern Offset's assets are approximately £19,800 which is financed (approximately) as follows:

By Directors	6250
Bank	3500
Hire Purchase Coys.	2650
Creditors	<u>8800</u>
	<u>£21200</u>

This reveals a deficiency of £1400 accounted for by past trading losses of £2400 less the original capital of £1000. However, no valuation has been included for Goodwill.

The Balance Sheet of Ferry Printing shows assets, including (Goodwill

at 500) of £25000 financed as to £5000 by Creditors and the remainder, £17000 by Capital and Reserves.

The Shares of Modern Offset are held by Mr. Simons and Mr. Dec in equal amounts (500 each).

The Shares of Ferry Printing are held as follows:-

	<u>Ordinary</u>	<u>Preference</u>
F.A. Sharman	3000	1000
E. Sharman	50	400
A.N. Other	50	-
	<hr/>	<hr/>
	4000	2000
	<hr/>	<hr/>

Accepting, for these purposes, that the Directors Loans to Modern Offset are equivalent to Capital, the value of this company is approximately £5000, whilst the value of Ferry Printing is £17000.

It is not within our terms of reference to comment on the different printing methods adopted by each company or upon the value or durability of plant and equipment and our report is based on book values throughout.

It is clear that the rapid growth of Modern Offset is hampered by lack of capital, and it would appear that the capital employed in Ferry Printing's business could produce a higher return if present profit margins could be maintained on increased turnover.

Before considering possibilities of linking companies together (which we understand has, to some extent, already occurred by the passing of work from one to the other, it is necessary to consider the advantages that may result therefrom. These can be summarised as follows:-

1. Better employment of capital.
2. Savings on delivery costs.
3. Better management as a result of division of responsibilities and consequent saving in duplication of activities.
4. Setting up of departments to deal with production problems where combination of resources could prove profitable.
5. Advantages to be obtained from bulk buying of materials etc.
6. Utilising men and machinery more fully.
7. Reduction in administration costs, i.e., Secretarial and book-keeping.

Against these advantages there must be considered how the present position will be affected, and it will be appreciated by all that there will

be a loss of independence of both firms.

Until all persons concerned have had an opportunity of considering the facts now presented, we feel it would be premature to make any firm proposals regarding amalgamation, but, broadly speaking, it would appear that a Holding Company should be formed to hold all the shares now issued in both companies. Thus retaining the separate identities of the present companies.

The ownership of the shares of the holding company would obviously have to be in the proportions in which the present proprietors own the capital in their individual companies.

The Management of the Holding Company would then seem to devolve upon four people, who at present manage the existing companies. Consideration would have to be given to the part to be played in the new company by Mr. F.A. Sharman, who appears to be only a part-time Director of Ferry Printing.

A broad division of responsibilities could be:-

- F.A. Sharman - Production Director - Richmond Road.
- E. Sharman - Administration.
- H. Dee - Production Director - Park Works.
- G. Simons - Sales.

Many other aspects will need to be taken into consideration including Taxation and Estate duty problems, but we trust that you will agree that these be deferred until you have all had an opportunity of commenting upon the contents of this report and the schedules attached hereto.

- 2.0. LEADPRINT LIMITED
- 2.1. BRIEF DESCRIPTION OF THE FIRM
- 2.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS
- 2.3. RESEARCH METHOD
- 2.4. ENTREPRENEURIAL GOALS
- 2.5. ORGANIZATIONAL GOALS
- 2.6. LEADERSHIP AND DECISION MAKING
- 2.7. JOB SATISFACTION
- 2.8. ROLE TIME INTENSITIVITY
- 2.9. BUSINESS IDEOLOGY
- 2.10. ENVIRONMENTAL CONTROL
- 2.11. MAJOR ORGANIZATIONAL PROBLEMS
- 2.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

Leadprint was wholly owned by the Wilkin family, and was formally controlled by the family in conjunction with 2 non-family directors: Harry Bridges and John Smythe.

The firm had been founded in the 1920's by an entrepreneurial husband and wife team, and had initially been situated near the centre of Kingston. However, during the 1950's, the firm's sales turnover in it's established line of business - the provision of commercial photographic services and the retail distribution of photographic and drawing office supplies - had declined. The founders had attributed this to a declining market situation and, in 1957, the firm moved to a nearby industrial premises, and set up a subsidiary involved solely in letterpress and lithographic printing. From thereon, the firm expanded fairly rapidly, the growth occurring almost exclusively in the printing sector of the business. However, the photographic sector continued to survive, and the firm's photographic expertise proved an aid to it's lithographic printing interests, and later, to it's sub-contract plate-making work and photographic reproduction and printing of out-of-print books. The firm's founder, James Wilkin (Snr), claimed that the history of the firm had been characterized by, "an appreciation of downward market trends and future possibilities, and an ability to change products in line with it."

The founders' 2 sons, David and Ian Wilkin, joined the family business on leaving school in 1945 and 1952 respectively. Two years before the present research began, the founders had gone into retirement having installed their younger son, Ian, as Managing Director of the firm. The elder son, David, had developed a strong interest in photography, and was concerned solely with the day-to-day management of the declining sector of the firm concerned with commercial photography.

In the financial year ending 1964, the sales turnover of the printing sector of the firm had matched that of the photographic sector for the

first time - each achieving sales of approximately £51,000. However, in the financial year ending 1970, the printing sector accounted for only £29,000 of a total sales turnover for the firm as a whole of a little over £150,000.

The 2 non-family directors in the firm occupied the functional middle management roles of Production Manager and Sales Manager respectively, and were both appointed to directorships subsequent to Ian Wilkin becoming Managing Director in 1965. The Production Manager, Harry Bridges, had been a personal friend of Ian Wilkin since their days together at a Kingston grammar school, and had joined Leadprint Limited, initially as a machine operative, in 1961. The Sales Manager, John Smythe, had joined the firm in 1966, when Leadprint had gained control of the firm that he had previously owned and managed, 'Stationary Printers Limited', and he had been appointed a Director of Leadprint during 1969. In September, 1969, a professionally trained Production Manager, Gilbert Warner, had been engaged by the firm, but had been dismissed within 6 months because of a dissatisfaction with his performance.

Neither of the non-family directors had held shares in the firm. Ownership resided solely in the hands of the Wilkin family with Ian and David Wilkin holding 90 per cent of the equity in equal proportions, and their parents, the founders, holding the remaining 10 per cent.

In 1966, the firm had gained Stationary Printers Limited's former custom from Olivetti, and, as a result, had added accounting stationary as a major product line to its already existing product lines of jobbing printing and commercial photography. The Olivetti custom had subsequently developed rapidly until it accounted for over 50 per cent of the firm's total sales turnover. At this stage, the firm had concentrated its attention on expanding the less profitable jobbing printing side of the business in an attempt to minimize its dependence on a single customer.

In 1967, the firm began producing short-runs of out-of-print books, and gradually expanded this interest to include both printing and publishing of specialist out-of-print books. However, the publishing interest didn't

development until near the end of the research - in 1970, when a new firm, the 'Kingston Publishing Company' was formed to deal with this interest. The Wilkin Brothers jointly held 76 per cent of the shares in this new subsidiary, whilst Bridges held a further 5 per cent.

Until August, 1970, the firm had been situated in a 3-storey premises. Only the ground floor had been suitable for the accommodation of heavy printing machinery, and the shape and size of the building had not been suited to an efficient layout of equipment. An additional premises, which had formerly been occupied by the photographic sector of the business, was still owned by the firm. However, due to the imposition of a compulsory purchase order on the property in 1965, the premises was not a saleable proposition and had, in the event, been rented to an Insurance Company at an annual rent of £3,000. However, whilst the latter premises yielded a financial return, it represented a constraint on the firm's ability to obtain bank overdrafts because the premises could not be offered as security due to the impossibility of a sale.

In 1970, the firm moved to a new freehold purpose-built premises. This had been built with the aid of a loan of £30,000 from the Industrial and Commercial Finance Corporation (I.C.F.C.) as a condition of which, the firm had had to agree to grant I.C.F.C. a 10 per cent share option.

The firm's workforce in 1967 had numbered approximately 45 personnel. However, by 1970, this number had grown to near 60 personnel. The firm subscribed to the British Federation of Master Printers, and Ian Wilkin was an active member.

2.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

2.2.1. IAN WILKIN

Ian Wilkin was born in 1935, the second and last child of entrepreneurial Catholic parents. His father had been involved in a partnership in the 1920's, in a firm producing wire products. However, this firm had failed to

studied:

After attending a Catholic primary school, Ian Wilkin, like his brother David, had attended a non-denominational secondary grammar school. He left school at 18, and followed the example of his older brother by joining the family firm. However, to do this, he turned down the option of a place to read biology at university, and later regretted this decision.

At the age of 23, he married another Catholic, a shorthand typist by occupation, and daughter of a personnel manager. Wilkin had 6 children - all of them daughters. In 1965, at the age of 31, he had been made Managing Director of the firm on his father's retirement.

Politics:

- (a) Claimed to have voted for all 3 of the main political parties in accordance with the issues involved at various elections.
- (b) Parents had held no strong political views.
- (c) Claimed to vote essentially as a private citizen but thought that his business interests probably influenced him in favour of the Conservatives.
- (d) Saw the difference between the two major political parties as being based essentially upon their respective claims to greater administrative efficiency.

Religion: Practising Roman Catholic in accordance with the religious views of his parents.

Life-Style:

- (a) Make of car: British Leyland Mini.
- (b) Location and value of house: New Malden, £8,500.
- (c) Type of school chosen for children: Catholic denominational.
- (d) Holidays taken at: U.K.
- (e) Leisure interests: Shooting and sailing.
- (f) Membership of clubs and associations: Member of the national committee of the 'British Pistol Club' and member of the British Federation of Master Printers and the British Institute of Management.

Occupation

Situation Of Initial Meeting

Barrister

Both members of 'British Pistol Club'.

Surveyor

At time of constructing new purpose-built plant in 1970 --became aware of mutual interest: shooting.

Shopkeeper

On sailing holiday.

Public Works Inspector

Member of 'Round Table' -- introduced by brother, David Wilkin.

Production Manager

Former school-friends.

2.2.2. DAVID WILKIN

David Wilkin was born in 1929, and had attended the non-denominational secondary grammar school, later attended by his younger brother, Ian. David Wilkin had been less successful at school than his younger brother Ian, and had left school at the age of 16 to join the family firm.

On joining the firm, he had developed a strong interest in photography, and had never become interested in the managerial side of the firm. Thus, when the founders had considered the firm's management succession needs, they had not been confronted with a conflict situation.

At the age of 26, David Wilkin had married an art teacher from a local Catholic school. However, at the time of the research project, he had no children, and had considered it unlikely that he would have any at any subsequent date. He was not active in any management organizations, but was chairman of the local unit of the 'Round Table'.

Politics:

(a) Voted Conservative.

(b) Parents had held no strong political views.

- (d) Saw the differences between the two major political parties as being based upon fundamentally different ideological standpoints.

Religion: Practising Roman Catholic in accordance with the religious views of his parents.

Life-Style:

- (a) Make of car: Ford Capri
- (b) Location and value of house: Teddington, £9,000.
- (c) Type of school chosen for children: no children. Otherwise would have chosen denomination Catholic school.
- (d) Holidays taken at: Italy/France/Portugal.
- (e) Leisure interests: Photography and 'Round Table'.
- (f) Membership of clubs and associations: Photographic clubs and 'Round Table'.
- (g) Friends in leisure-life:

Occupation

Situation of Initial Meeting

Free-lance photographer

Photographic club.

Supermarket Manager

Member of 'Round Table'.

Cinema Manager

Member of 'Round Table'.

Shop-keeper

Member of 'Round Table'.

Teacher

Friend of wife.

2.2.3. HARRY BRIDGES

Harry Bridges was the second of 2 children from a working class family. Born in 1932, his father was a lorry driver, and his mother a shop assistant.

Bridges, like his brother (now a Valve Engineer), had won a scholarship and attended grammar school to the age of 16. He had then left school -

The latter was also responsible for structuring the choice of his first employment as a garage "grease boy" in preference to his own desire to become apprenticed to an engineering craft.

Bridges had remained in his initial unskilled but relatively well paid employment until the age of 20, when he had joined a small firm as assistant to the Managing Director. This firm, manufacturing time control switch gear, had employed 6 personnel at that time. However, in 1961, shortly before the firm became a public company, Bridges had been dismissed from his job.

Bridges and Ian Wilkin had been friends at school, and had continued their friendship after leaving school. They were both members of the Malden Rifle Club. As a result of this continuing association, Bridges had joined Leadprint as a machine operator after being dismissed by his previous employer. Later, Bridges had become Production Manager of Leadprint, and then a director of the firm.

Politics:

- (a) Claimed no fixed political commitment. Voted Liberal in the 1970 General Election, following the example of Ian Wilkin.
- (b) Parents had always voted Labour.
- (c) Claimed to vote as a private citizen.
- (d) Saw the difference between the two major political parties as being based essentially upon their respective claims to greater administrative efficiency.

Religion: Agnostic.

Life-Style:

- (a) Car: Sunbeam Rapier (owned by firm but formerly used by Wilkin).
- (b) Location and Value of house: Carshalton, £20,000.
- (c) Education chosen for children: State education.

- (c) Leisure interests: Limited leisure due to time intensitivity of job. Otherwise, shooting and golf.
- (f) Membership of clubs and associations: Malden Rifle Club.
- (g) Principal friends in leisure-life:

Bridges claimed to have persued relatively few friends in leisure-life due to the excessive demands that his work role made on his time. However, he claimed the following principal friends as being those with whom he interacted most frequently:

<u>Occupation</u>	<u>Situation Of Initial Meeting</u>
Valve Engineer	Brother.
Teacher	Wife's ex-boyfriend.
Tool Setter	Neighbour.
Electrician	Neighbour.
Clerical worker	Neighbour.

2.2.4. JOHN SMYTHE

John Smythe was born in 1921, the second of 9 children of a middle-class Catholic family. His father had been a newspaper manager, having edited the 'Sunday Sportsman', and had been assistant editor of several journals. Smythe couldn't recall his mother's occupation before marriage.

Smythe was educated at a local Catholic fee paying day school, leaving at the age of 18. He had spent 2 years in the printing industry before joining the army. In the army, he rose from the rank of private to major in 5 years before leaving to join the reading department of the 'Times'. After 6 months he left the 'Times', and thereafter held a series of managerial posts in small printing firms until 1965, when he had set up his own firm - Stationary Printers Limited. This firm had produced accounting stationary

law, who had worked for Olivetti and been responsible for stationary purchases at his particular branch office.

However, within a year of the formation of this firm, the firm had been losing money, and Smythe had had a mental breakdown. At this stage, the firm had been sub-contracting work to Leadprint, and Ian Wilkin began visiting the firm and assisting in its administration with a view to eventually gaining control.

Sometime later, Smythe's wife and brother had consented to allow the firm to be fully integrated into Leadprint, on condition that Smythe was subsequently guaranteed employment on his recovery to normal health. A further condition of this agreement had been that Smythe should receive a commission on all future orders from Olivetti.

Following his recovery, Smythe occupied the position of Sales Manager at Leadprint and, in 1969, was made a director of the firm.

Politics:

- (a) Voted Conservative and was a member of the Conservative Party.
- (b) Parents had voted Conservative.
- (c) Claimed to vote both as a private citizen and as a businessman.
- (d) Saw the differences between the two major political parties as being based upon fundamentally different ideological standpoints.

Religion: Practising Roman Catholic

Life-Style:

- (a) Make of car: Rover 2000 (not supplied by firm)
- (b) Location and value of house: Rented flat - Feltham, Middlesex.
- (c) Education chosen for children: Direct grant Catholic day school.
- (d) Holidays taken at: Normally U.K., occasionally Spain.
- (e) Leisure interests: No specifically organized leisure activities due to claimed pressures of work and family duties.

(g) Principal friends in leisure-life:

<u>Occupation</u>	<u>Situation Of Initial Meeting</u>
Industrial Buyer	Brother-in-law
Company Representative	Brother
Hair-Dresser	Sister
Print Manager	Leadprint customer
Industrial Buyer	Leadprint customer

2.2.5. GILBERT WARNER

Warner was a 45 year-old professionally trained production manager. The third of 3 children from a working class family - his father had been a skilled craftsman -- he had left school at the age of 15, and served an apprenticeship in production engineering.

After gaining a Higher National Certificate (H.N.C.) in production engineering, he had worked for 2 years in the U.S.A. After returning to Britain, he had worked as Chief Industrial Engineer of a division employing 1,500 personnel at Lockheeds. He was later selected by AIC management consultants as a Chief Production Engineer for a family controlled firm employing 500 personnel. Warner had left this firm, along with other managers, when the firm's intention to move to an Industrial Development Area had been announced. In addition, the Managing Director of the firm had been nearing retirement, and was to have been succeeded by his son, in whom Warner, and other professional managers, had little confidence.

As a result, Warner had left this firm and been selected, once again by management consultants, as a Works Manager for a firm producing industrial and domestic boilers. There, he had been promised consideration for a directorship within 12 months. However, within that time, the firm had been taken-over by another firm, yielding a surplus of managers - principally

to stay with the firm for a further 12 months in order to assist in the amalgamation of the 2 firms. It was at the end of this period that he had joined Leadprint.

At the above family firm, Warner had had responsibility for a printing unit about the size of Leadprint, and this had been the principal reason for his being offered the job of production manager at Leadprint.

Politics:

- (a) Voted Conservative.
- (b) Parents had voted Labour.
- (c) Claimed to vote as a private citizen rather than as a businessman.
- (d) Saw the difference between the two parties as being based upon fundamentally different ideological standpoints.

Religion: Agnostic.

Life-Style:

- (a) Make of car: Volkswagen.
- (b) Location and value of house: Richmond, £13,000.
- (c) Type of school chosen for children: no children.
- (d) Holidays taken at: throughout Europe.
- (e) Leisure interests: reading in the field of management.
- (f) Membership of clubs and associations: British Institute of Management.
- (g) Friends in leisure-life:

Occupation

Situation Of Initial Meeting

Manager

Former employment.

Manager

Former employment

Management Consultant

Management conference.

Draughtsman

Relative.

Child Care Officer

Friend of wife.

The time spent in this firm exceeded that spent in any other single firm throughout the duration of the research project. This situation arose partly from the willingness of the entrepreneur, Ian Wilkin, to grant frequent meetings, and partly due to a policy adopted by the author of using the firm as a testing-ground for new ideas. In fact, some of the research techniques and questionnaires used in this firm were abandoned thereafter, due to their apparent failure to yield anticipated results. For instance, the use of questionnaires amongst shop-floor employees, early in the project, was abandoned, due to difficulties experienced in collecting the completed questionnaires. However, a known reluctance on the part of at least 2 of the other firms to grant access to shop-floor workers, acted to reinforce a decision to thereafter refrain from direct contact with the shop-floor.

Another research technique used in this firm which was subsequently abandoned was that of participant observation. The author spent a day in the firm wandering at leisure, but found the results relatively unrewarding, and experienced an awareness that some members of the firm's workforce were resentful of the author's "unproductive posture."

However, this apart, the research method adopted in this firm was essentially similar to that adopted in the other firms studied. Semi-structured interviews were arranged with respondents and, in the case of each interview, questionnaires were used initially, followed by oral questioning and, finally, the respondent was allowed autonomy to discuss issues which he perceived as being important. In addition, the researcher attended 3 management meetings in this firm, all of them convened after normal working hours.

The contact time spent in interviews in the firm was approximately as follows:

Ian Wilkin (Entrepreneur)	62	65 hours.
David Wilkin (Entrepreneur)	2	1½ hours.
Harry Bridges (Production Director)	2	6½ hours.
John Smythe (Sales Director)	2	7 hours.
Geoffrey Warner (Production Manager)	2	2 hours.
		<hr/>
		82 hours
		<hr/>

A further 9 hours were devoted to attending 3 respective meetings of the directors, and 17 hours devoted towards collecting material on labour turnover and absenteeism. Thus, a total of approximately 108 hours was devoted towards collecting research results in a manner later adopted in other firms. Additional time was devoted to searching the firm's file at the Board of Trade's Registry of Companies - 'Companies House'.

2.4. ENTREPRENEURIAL GOALS

2.4.1. IAN WILKIN

Goals At The Time Of Joining The Firm

Ian Wilkin had left school at the age of 13, and joined the family firm in preference to reading biology at university. He said that, in retrospect, he could recall no positive motivation structuring his decision to join the firm, and that the decision appeared to have been a "completely random one." He said that there appeared to have been "no logic" behind his decision, and he had subsequently regretted it. He recalled that he had in no way been influenced by his parents, who had made a deliberate policy of not influencing his decision. In addition, he said, he had been in no way envious of his brother who was already working in the business, and had had no particular desire, or immediate need, to earn money.

The researcher, on successive visits, continued to ask Wilkin why he

Wilkin had said that he could think of no reason whatever. On the fourth visit, however, he said that he had come to the conclusion that "an element of laziness" must have entered into his decision. He said that, either consciously or unconsciously, he had probably wanted to escape from the "annual round" of swotting and examinations.

Initial Discussion On Entrepreneurial Goals

Leadprint was one of the firms which, more than any other, was used for the purposes of initial discussions on entrepreneurial goals in order to "ground" an entrepreneurial goal questionnaire.

Wilkin was questioned on the nature of his entrepreneurial goals before the entrepreneurial goal questionnaire was composed. He said he had several goals which came to prominence at different times:

"On a day when I receive a large electricity bill I feel that all my goals must be economic ones. But they can't be really because I work for less here than I could earn in employment. On other days, when things go well, I feel that independence and freedom to use my own initiative are my goals. Also, I sometimes consider the growth of the firm, and the tremendous satisfaction and self-expression I experience through it."

In exemplification of his partially non-economic motivation, Wilkin said that, when the firm's survival had been threatened some months earlier, in 1966, his principal concern had not had an economic basis. Rather, he said, he had been primarily concerned that the firm, after having previously survived for nearly half a century, should be seen to fail under his leadership. Also, he said, he had been very concerned that his parents would have lost their income from the business which would have reduced their living standard during their retirement.

In 1965

Wilkin ordered his goals at the time of becoming Managing Director in 1965 as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	17.0
2	Independence	15.5
3	Economic rewards	11.0
4	Security	6.5
5	Being able to pick the people you work with	4.0
6	Building something to leave to the son/s	2.0
7	The status associated with being your own boss	2.0
8	Achieving recognition in the field of management	1.5

Goal 1: "Finding An Outlet For Personal Abilities"

Wilkin said:

"I'd turned down a chance to go to university, and was beginning to regret it, so I was quite keen to find something worthwhile that I could pit myself against.

Goal 2: "Independence"

Wilkin said:

"This is the thing everyone wants, and you never take it for granted because it's constantly being challenged. At that time, (1965), my father was beginning to keep out of my way, and left me a lot more to my own devices, which was good."

Goal 3: "Economic Rewards"

Wilkin said:

"My parents had never made a fortune, and so I knew money couldn't be easy to make. This meant I had no wild

I didn't want to though."

Goal 4: "Security"

Wilkin claimed that, although he didn't expect to experience a great deal of security in business, the fact that the firm had previously survived throughout a period of half a century, had led him to perceive aspirations towards this goal as being realistic.

Goal 5: "Being Able To Pick The People You Work With"

He said:

"I wasn't very excited about this because we (the family) had always had it, and it didn't look as if this situation was going to change. It was appreciated. For instance, I took on Harry Bridges who had been an old school friend of mine, but I still took this very much for granted."

Goal 6: "Building Something To Leave To The Son/s"

Wilkin said that "nearly all" owner-managers wanted to achieve this.

Goal 7: "The Status Associated With Being Your Own Boss"

Wilkin said:

"I didn't find much status because I didn't look for it. I'd always been self-employed so really I had nothing to compare, and now, if people ask me what I do, I don't say I'm self-employed, but tell them I'm a printer. Most of my friends were in business themselves anyway, or Civil servants, and so being in business myself didn't carry a lot of weight. I knew I had quite a lot of status here (in the firm) in other people's minds, and it probably tends to grow as the firm expands, but I've always had it and it looks as if it will always be there - I don't have to do anything for it and so, again, I took it largely for granted."

He said:

"The world of professional managers and business schools seemed miles away, but I was determined to be more efficient than my parents had been."

The Firm's Struggle For Survival : 1966/7

In the 12 months immediately prior to the beginning of the research project, the firm had experienced a financial crisis which, Wilkin said, "had presented the possibility of the firm going out of business." He said that, on one occasion, the firm's bank had refused to meet a cheque for the firm's wage bill ("Black Friday"). This had necessitated Wilkin making a hurried visit to the bank, and offering security against the bill for wages.

This situation had occurred in the financial year 1966-67, at a time when the firm's sales turnover had increased by approximately 20 per cent from 362,362 to 475,176.

Reasons For The Crisis

Wilkin attributed the crisis not to a single cause, but to several, and delineated them as follows:

(i) Over-Trading

Wilkin said that, since he had integrated Stationary Printers Limited into the firm, the volume of the firm's sales turnover had increased rapidly due to the resulting volume of work recruited from Olivetti. However, the firm had lacked the financial reserves to finance the higher level of trading prior to receiving payment from Olivetti for the final product. In addition, Wilkin said, Olivetti had taken longer to meet invoices than had been previously anticipated.

Whilst Wilkin attributed most of the blame for the firm's financial difficulties to 'over-trading', he said that the Government's economic squeeze had also been a contributory factor, as it had led to customers taking longer to pay their bills, and had made bank loans more difficult to obtain.

(iii) Premises Under Compulsory Purchase Order

During this period, the shop premises, which the firm had formerly used and still owned, had come under a compulsory purchase order which meant that it was not a saleable proposition. As such, it represented a part of the firm's resources that could not be used as liquid capital as it could not be sold, but had to be rented. This again, acted to limit the firm's liquid assets and its potential to borrow from the bank.

(iv) Customers' Liquidation

A magazine which Leadprint had printed went out of circulation. The publishers went bankrupt owing Leadprint £800 which was never retrieved.

(v) Accountant's Fraudulent Manipulation

It had come to light that the firm's accountant had fraudulently manipulated £600.

Wilkin said that the firm's crisis (above) had done much to mature him generally. He claimed to have lost his former flippancy, and his, "It could never happen to me" attitude. Further, he claimed that it had led him to maintain a closer control on credit etc.

Entrepreneurial Goals During The Firm's Financial Crisis

Wilkin ordered his goals at this time as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	20.0

3	Economic rewards	14.0
4	Finding an outlet for personal abilities	13.5
5	Being able to pick the people you work with	9.0
6	Building something to leave to the son/s	7.0
7	The status associated with "being your own boss"	5.5
-	Achieving recognition in the field of management	0.0

Goal 1: "Security"

Wilkin said that, at that time, he had valued security very highly, not because he had attained security, but because he saw security as being synonymous with the survival of the business. He again said that his parents' living standard had been dependent upon this.

Goal 2: "Independence"

Wilkin said he had felt very anxious about the probable loss of independence that the firm's failure to survive would bring about.

Goal 3: "Economic Rewards"

Wilkin said he had not been strongly concerned about this goal as he could have earned a higher income in employment. However, he said that bankruptcy would have reduced his parents' living standard in their retirement.

Other Goals.

The ordering of Wilkin's other entrepreneurial goals appeared to have been essentially unaltered by the firm's crisis.

Olivetti System.

During the research project, the jobbing and book reproduction sectors of the firm's business grew at a faster rate than the accounting stationary

firm's dependence on its sole customer for accounting stationery - Olivetti.

In 1967, Wilkin had expressed concern at the "possible disastrous consequences" for the firm of losing the Olivetti order, and had stated an objective of increasing the firm's jobbing sales from the existing £2,500 per month to £5,000. This was in spite of the fact that jobbing orders were considerably less profitable than orders for accounting stationery.

Thus, it appeared that economic goals were, in some measure, being subordinated to the goal of security. The process of increasing jobbing orders was accompanied by a policy of reducing the pressure for canvassing further Olivetti orders, at a time when Wilkin had said that the firm could have increased its profitable sales to Olivetti by further canvassing.

However, during 1968, Smythe had continued to canvas for an extension of the Olivetti work at the expense of other orders, in order to increase his commission (which was 3 per cent on all Olivetti orders). This had led to conflict between Smythe and Wilkin. Wilkin said:

"I had a talk with him, and put him in a position where he couldn't really do anything but resign, but he wriggled his way out of it with some smooth talking, and he's still here to-day."

By the end of 1970, the Olivetti order accounted for about 40 per cent of an increased sales turnover, and Wilkin said that, at that stage in the firm's history, "the loss of the Olivetti work would no longer be a death blow" to Leadprint. Thus, Wilkin felt that his goal of security was being, in some considerable measure, attained.

Entrepreneurial Goals In 1968 On The Declaration Of A Record £3,500 Profit

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	20.0
2	Independence	18.5
3	Economic rewards	18.0

5	Building something to leave to the son/s	13.0
6	Achieving recognition in the field of management	3.5
7	The status associated with being your own boss	3.0
8	Being able to pick the people you work with	3.0

The most notable movements were the upward movements of the goals of 'economic rewards' and 'management recognition'. However, 'security' had endured as Wilkin's most valued goal:

"Security"

Wilkin was presented with the following questionnaire:

If you value security, is it

- (a) Because, although you don't feel you have it or ever will have it, you would like to have it.
- (b) Because, although you feel you don't have it, you feel that it is a realistic goal to aspire to.
- (c) Because you feel you have security and want to maintain and protect it.

He said that alternative (b) described his situation exactly. He said that, as the firm was growing and leaving behind the problems of shortage of capital, absence of regular work, etc, he was beginning to feel more secure.

Goal 3: "Economic Rewards"

Wilkin said that this goal was increasing in prominence. He said:

"I've put a lot of hard work into the firm, and if I don't get something out of it, my friends will all be getting on much better."

Goal 6: "Achieving Recognition In The Field Of Management"

This goal, Wilkin claimed, was becoming more realistic in its aspiration, as a result of his management abilities having been visibly reflected

The Firm's Move To A New Premises

The firm's previous rapid growth rate continued and, over a period of several months, the issue of finding a new premises to accommodate subsequent growth was discussed (this is dealt with fairly extensively in section 2.6. LEADERSHIP AND DECISION-MAKING).

However, during 1969, a green-field site was purchased, and a purpose-built factory constructed with the aid of financial assistance from the Industrial and Commercial Finance Corporation (I.C.F.C.) The new premises were occupied in July, 1970.

Entrepreneurial Goals At Time Of Moving To New Premises In 1970

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	19.5
2	Economic rewards	17.5
3	Independence	16.0
4	Achieving recognition in the field of management	14.5
5	Finding an outlet for personal abilities	13.5
6	Building something to leave to the son/s	4.0
7	The status associated with being your own boss	1.5
8	Being able to pick the people you work with	1.0

Goal 1: "Security"

Wilkin said:

"From a pure profit point of view, it is really the wrong move because I could get a better return on capital elsewhere. Our return on capital (invested in the firm) will drop, but we don't have to pay a dividend and so I'm not worried. It's better to go for less profit and more security. Owning the freehold on the new property would allow us to borrow large sums of money if things ever got

I could sell then, and live off an invested income, or even just rent the place out at 15/- a square foot, and that would fetch in over £7,000 a year."

Goal 2: "Economic Rewards"

Wilkin said his standard of living had remained fairly constant since his inception as Managing Director of the firm. However, he said, his accountant was now recommending that he increase his personal remuneration from the firm.

Goal 3: "Independence"

Wilkin said that, in some respects, he experienced relatively little independence in his work. He said that he worked long hours in the firm, was able to take only short holidays, and was very much responsible for the success of the business. But, he said, all of these things he did to his own liking. Further, he said that the satisfaction gained from goals such as "steering and growth" was related to independence in that he was steering the firm in the direction in which he wanted it to go.

Goal 4: "Achieving Recognition In The Field Of Management"

In 1969, Wilkin had joined the British Institute of Management, and subsequently valued this goal quite highly.

Goal 5: "Finding An Outlet For Personal Abilities"

Wilkin said that the expansion of the firm had facilitated a large measure of attainment of this goal.

Goal 6: "Building Something To Leave To The Son/s"

Wilkin had 6 daughters, and had not intended having any more children. He said he might have had less children if he had produced a son before the

oriented, or married someone who was interested in running the firm, then it would be handed over to a non-owner manager or, alternatively, sold. He said that his brother had no children, and probably would not have any in the future. He said he considered that the assistant to the Sales Director would probably become the firm's next Managing Director because he was young, competent, and improving continuously. However, Wilkin said he would prefer to install a son-in-law in the firm as Managing Director, rather than a more competent non-family member, particularly in the event of the son-in-law not having a worthwhile alternative career outside the firm.

He said that he had claimed this goal to be applicable because, in certain measure, his daughters would inevitably gain as a result of its success.

2.4.2. DAVID WILKIN

David Wilkin ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Independence	15.5
2	Economic rewards	14.0
3	Finding an outlet for personal abilities	11.5
4	Security	8.0
5	The status associated with being your own boss	6.0
6	Being able to pick the people you work with	3.5
-	Achieving recognition in the field of management	-
-	Building something to leave to the son/s	-

Goal 1: "Independence"

Wilkin said that this was the principal gratification experienced in his work.

Wilkin said he valued this goal quite highly. He said he was chairman of the local branch of the 'Round Table', and needed to maintain "a fairly good standard of living," in accordance with the status that this role bestowed upon him.

Goal 3: "Finding An Outlet For Personal Abilities"

He said that he had always had "an intense interest" in photography, and thus attainment of this goal was facilitated by his work. He said that his brother, Ian, realized this goal principally by controlling and directing the firm's growth. However, David said that he was largely divorced from the process of controlling the firm's growth, but still found this goal realistic in the context of a "craftsman or artist's interest" in his work.

Goal 4: "Security"

Wilkin said:

"With the new premises, I'll begin to feel secure, because then we'd be able to live off the rental even if the market for the firm's products collapsed."

Goal 5: "The Status Associated With Being Your Own Boss"

Wilkin said:

"I value this but don't seek after it -- I've never had to. I think it's the people who don't have it that value it most of all."

Goal 6: "Being Able To Pick The People You Work With"

Wilkin said:

"I've never known anything else. Perhaps I've been spoiled, but it doesn't stop me taking this (goal) largely for granted."

Wilkin said that, for him, this goal was unattainable because his managerial duties were limited to administering "a small and contracting sector of the business." He said: "Anyway, it's my brother that has the management skills."

Goal: "Building Something To Leave To The Son/s"

Wilkin said he had no children, nor did he expect to have any.

2.4.3. HARRY BRIDGES

Bridges ordered his entrepreneurial goals on 2 separate occasions during the research project: March 1969 and July 1970. On each occasion, he omitted to claim several of the goals from the entrepreneurial goal questionnaire on the grounds of their being considered unrealistic in their aspiration:

<u>Entrepreneurial Goals</u>	<u>March 1969</u>		<u>July 1970</u>	
	<u>Order</u>	<u>Value</u>	<u>Order</u>	<u>Value</u>
(1) Security	1	18.0	1	19.5
(2) Economic rewards	2	10.5	2	17.5
(3) Independence	3	13.0	3	8.0
(4) Finding an outlet for personal abilities	4	8.5	4	5.5
(5) Achieving recognition in the field of management	5	6.0	-	-
- Being able to pick the people you work with	-	-	-	-
- The status associated with being your own boss	-	-	-	-
- Building something to leave to the son/s	-	-	-	-

Bridges said:

"I don't feel secure. I probably am, but I don't feel it, though I would like to. It (security) is a big thing for me. That's why I'll never branch out alone - there's no security in it. Security really means freedom from worries about money. To me, absolute security would mean being able to play golf all day off an invested income. But security in employment depends on making a success of the job you're doing. In a way, I felt more secure (working) on a machine - there was less responsibility and less to go wrong."

He continued:

"My reason for wanting a directorship in this firm was because I knew the Wilkin family would only dole it out when they thought I'd earned it, so it was an acknowledgment of my work value to the firm. Because of that, my directorship gives me some security."

Throughout the above interviews, Bridges did not mention having been dismissed from his previous employment prior to joining Leadprint Limited. However, it appears likely, that the sharp security deprivation suffered on that occasion, may have been partially responsible for structuring a subsequent quest for security.

Goal 2: "Economic Rewards"

Bridges said that this was another important goal for him because he wished to maintain "a better style of life" than he enjoyed at the present, (earning \$1,400 p.a.). He said that his job required him to start work at 9.0 a.m., and work until between 6.0 p.m. and 10.0 p.m., for, often, 6 days a week. He said:

"It causes problems at home. It's difficult being a husband and a Production Manager. I don't expect independence in work any longer, but I hope to get it outside work and so it's all bound up with money - I want the freedom of not being

restricted by a shortage of money in my private life."

Wilkin had said he was aware of Bridge's feelings on this matter and had said he would try to arrange for the firm to buy him a Rover car in order to placate his wife. Both Wilkin and Bridges had attested to Mrs. Bridges' aspiration towards possessing a Rover. However, in 1969, Wilkin had said that a purchase was imminent, but had shortly afterwards spent the money on new printing machinery instead. The latter incident appeared to have caused conflict between the two parties. Wilkin said:

"I shouldn't have said anything unless it was certain - it just raised his aspirations unnecessarily."

Goal 3: "Independence"

Bridges said he would like to be able to realistically aspire towards independence as a personal goal, but that the possibilities for doing this were limited:

"I've got less independence than anyone else in the firm. I had more (working) on a machine. I want independence but don't find it in this job - there's too much accountability. There are always a host of production problems following me around, and I carry the can. I work 10-14 hours a day for 6 days a week, and can't stop for lunch breaks. Even my holidays are dictated by production."

Goal 4: "Finding An Outlet For Personal Abilities"

Bridges said that he would like an opportunity for finding an outlet for his personal abilities by being able to participate in the steering of the firm's growth. However, he said, his work as Production Manager meant that he had little time available to participate in meaningfully directing the firm. He said:

"This goal would rate very much higher with me if the possibilities of attainment were available but,

in the expansion of the firm, and feel that I was at the centre of new ventures, but my work as Production Manager has meant I've had no time to participate in actually directing the firm."

Goal 5: "Achieving Recognition In The Field Of Management"

Bridges said, in July, 1970, that he had previously begun to value this goal. Ian Wilkin's decision to recruit a professionally trained Production Manager - Warner - to the firm, had "deflated" his aspirations towards the attainment of this goal as he had perceived the latter action as an indictment against his managerial competence.

Other Entrepreneurial Goals Not Claimed

Goal: "Being Able To Pick The People You Work With"

Bridges said that this wasn't a realistic goal for him to aspire towards, because he considered that Wilkin was likely to select all future managers employed in the firm, and the labour market left little flexibility in selecting subordinates.

He said that Ian Wilkin had given him a job at a time when he had been unemployed, and willing to take 'the first job that came along', and that Smythe (Sales Director), had subsequently been taken on without any prior consultation. Thus, he said, he had had no significant degree of choice in selecting his existing management colleagues. Further, he said that, because of the shortage of labour in the London area, and because the firm paid relatively low wages, he had experienced no autonomy in choosing between applicants for jobs but, rather, had had to employ anyone who had been willing to join the firm. (At a management meeting attended by the researcher, Bridges had requested the dismissal of a female clerk on the grounds of insubordination, but Ian Wilkin had turned down the request).

Bridges said that he didn't consider that he was his own boss. Though a director of the firm, he had no shareholding, and didn't consider himself to have a substantial voice in decision-making within the firm. As an example, he cited an initially intended move of premises to Monmouth. He said he had had no wish at all to move to Monmouth. (This further underlined his experienced lack of independence in his role).

Further, Bridges said that he experienced relatively little status in relationships with employees within the firm:

"They (employees), all call me Harry. Also, they know I can't sack them so, half the time, they please themselves what they do, and I end up doing the jobs I want done myself."

Goal: "Building Something To Leave To The Son/s"

Bridges said that he would never be able to build a firm to leave to his son/s, but hoped that, by presenting them with opportunities and using his contacts and influence, he would be able to guarantee them chances which had never been available to himself.

2.4.4. JOHN SKYTHE

<u>Entrepreneurial Goals</u>	<u>March 1969</u>		<u>July 1970</u>	
	<u>Order</u>	<u>Value</u>	<u>Order</u>	<u>Value</u>
(1) Security	1	18.0	1	20.0
(2) Finding an outlet for personal abilities	2	16.5	2	18.5
(3) Independence	3	14.0	3	15.5
(4) Economic rewards	4	11.5	5	12.0
(5) "Status"	5	8.5	4	13.0
(6) Achieving recognition in the field of management	-	-	6	3.5
(7) Being able to pick the people you work with	-	-	7	1.5
- Building something to leave to the sons.	-	-	-	-

Goal 1: "Security"

Smythe said:

"This is what I've been looking for and I'm feeling now that I've achieved it. Having been awarded a directorship in the firm, is a guarantee of my standing with the firm. Also, I know now that I could make a success of a similar job elsewhere, and to me that's security - knowing that you can compete and win - after all, it's what I did in the army when I rose from private to major."

Goal 2: "Finding An Outlet For Personal Abilities"

Smythe said he was not highly motivated towards the attainment of economic rewards, but was trying to achieve a "balance" between "economic rewards" and "self-expression." He said that, although his salary at Leadprint was relatively low, he remained there because it was a growing firm. He said that his main satisfaction came from helping to steer the growth of the firm:

"...from seeing what it is now, and watching it expand, and getting the satisfaction from one's labours in a more tangible form than just a pay packet."

Further, Smythe saw this form of satisfaction as being more readily attainable in a small firm than in a larger firm:

"It's more satisfying to be able to associate oneself with the entire progress of a small company than with a single function in a large company. You can see the fruits of what you're doing."

Goal 3: "Independence"

Smythe said:

"I like my independence and might lose it if I went elsewhere. I have complete confidence in my own ability, and don't want a close examination of my work."

Smythe said that, though he wasn't highly paid at Leadprint, he felt "no great need" to earn a higher salary. He said that both of his children were working, and that he ran a Rover 2000 car. In addition, he lived in a rented flat, and said that he wouldn't buy a house until he retired and so, he said, "I don't have to keep up with the Jones's there."

Goal 5/4: "Status"

Smythe said he valued the status which his directorship gave him:

"Previously, I had felt a lack of status during meetings with Mr. Wilkin and Bridges - I was the odd one out there. It's also given me greater standing amongst the employees, but I value it most in dealings with customers. They feel they're dealing with some-one who can promise things, and see that they get done, and then this rubs off on you. You can feel it - the extra respect they give you. It's good for the firm though - some firms give all their salesmen grandiose titles just for that reason."

Goal 6: "Achieving Recognition In The Field Of Management"

Between March 1969 and July 1970, Smythe upgraded this goal after being made a director of the firm. He said:

"I attach a lot of status to my directorship, but also value it because it represents a token of credit as a manager."

Goal 7: "Being Able To Pick The People You Work With"

Smythe said that this was "something that everyone wants but which few people have." He said that, in June, 1970, (shortly before claiming this goal for the first time during the project), he had been able to select a new sales secretary. Previous to this, he had had no voice in selecting organizational members, and had even been outspokenly opposed to the earlier

Goal: "Building Something To Leave To The Son/s"

Smythe said:

"I haven't claimed this goal because I have nothing to offer (to his son), except for sound advice - which is still more than most sons get. I would have liked to have left my son a little business, but that is not to be. For these reasons, I don't claim this as one of my goals."

2.4.5. GILBERT WARNER

Warner ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	19.0
2	Achieving recognition in the field of management	17.0
3	Economic rewards	15.5
4	Finding an outlet for personal abilities	13.0
5	Being able to pick the people you work with	12.0
6	Independence	4.5
7	"Status"	3.0
-	Building something to leave to the son/s	-

Goal 1: "Security"

Warner said that his main goal was "stability - a guarantee of being able to stay in one firm for the remainder of my career." He said that the uncertainty encountered in his previous 2 jobs, and the inevitable difficulties bound to be encountered by a manager in his late forties seeking future employment, had made him value this goal more than any other. He said he had

formance should guarantee him stability and security.

Goal 2: "Achieving Recognition In The Field Of Management"

Warner said that he desired to attain this goal more than any other, and had been very hopeful of a directorship with his previous employer before the take-over. Following that, he said, he considered Leadprint to be his last chance for attaining a directorship. At the time of joining the firm, he said, he had been "very hopeful" of a directorship, in the knowledge that Bridges - who had appeared incapable of performing the job to which Warner was appointed - was a director.

Goal 3: "Economic Rewards"

Warner said that he had an expensive detached house in Richmond, and liked to "live well." He said that his salary at Leadprint - \$2,500 p.a. - would be fully consumed in maintaining his existing life-style.

Goal 4: "Finding An Outlet For Personal Abilities"

Warner said he had expected the prospects for attainment of this goal to have been quite high.

Goal 5: "Being Able To Pick The People You Work With"

Warner said he had anticipated that, as a result of Leadprint being a growing firm, he would have been able to "build a production team" around him.

Goal 6: "Independence"

Warner said that the opportunities for achieving this goal in employment were low, and this was the case particularly in the case of production line management.

Warner said he looked for attainment of this goal outside work rather than inside work.

Goal: "Building Something To Leave To The Son/s"

Warner had no children, and so had not claimed this goal.

2.5. ORGANIZATIONAL GOALS

2.5.1. IAN WILKIN

Ian Wilkin ordered the firm's organizational goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	19.5
2	To make a profit as a return on capital invested in the firm	18.0
3	To provide employment for employees	1.0
4	To provide the market with goods and services	0.5

Goal 1: "To Provide Employment For The Owner/s"

Wilkin said that this was the main goal of the firm:

"I would be very pleased not to have to work at all, but, while I have to, I want the independence of working for myself. I could earn more money working less hours in employment than I do at Leadprint, and the return (profit) on capital employed in the printing industry is so low that I could never continue investing in it on purely economic grounds. But, I want the non-financial rewards of being self-employed, and I don't possess the technical knowledge needed to move my capital to a more profitable industry. So, I stay where I am."

Wilkin said:

"All of my goals are bound up with profit, and that's the function of the business. The business exists to make a profit because only then can it survive and give me the independence and other satisfactions associated with self-employment. We don't really exist to give people jobs, or to provide the market with services. Both the labour market and the print market could do without us, but we need workers and customers to make a profit."

During a later visit, Wilkin said:

"As we're relatively new to printing, we don't feel any deep attachment to it. Some people say they'd stay in printing come what may. Not us. If the profit went out of print, we'd move to something else."

3/4: Provision Of Employment For Employees And The Provision Of Goods And Services For The Market

Wilkin said:

"The interests of employees weigh heavily here. We try to maintain a high moral standard in dealing with employees and customers - it may cost money, but it's more than re-couped. We review salaries periodically - they (employees) don't have to ask - they know we will look after them. Our wages have been fixed over the last few months while - in the printing industry generally - they have increased. So now we'll review them. We look at employees wages even before our own. We look at performance mostly but, on occasions, we say, 'Joe Bloggs has a big family', or 'Chris has just taken on a new house', and we take this into account."

The researcher asked if Joe and Chris might not otherwise have looked for better paid jobs. Wilkin replied, "yes," but said that this was not the firm's main reason for increasing wages.

view, and not all of them are entirely consistent, e.g., the statement under goal 1: "I don't possess the technical knowledge needed to move my capital to a more profitable industry," and the statement under goal 2: "Some people say they'd stay in printing come what may. Not us. If the profit went out of printing, we'd move to something else."

However, the above statements are, at a general level, reasonably consistent, and such inconsistencies as do exist probably represent a realistic reflection of the complex of interacting attitudes and values subscribed to by the entrepreneur.

Though the above statements were not made all at the same particular instance in time, the organizational goal questionnaire exercise was completed fairly consistently on each occasion that a quoted statement was made (the ordering of goals was, in all cases, consistent, and the values stated above represent average figures for all those collected).

PROFIT (Appendix 1. 0.11)

(i) Function Of Management: Wilkin defined the function of management in terms of questionnaire alternative (a), i.e., profit maximization. He said:

"This is the function of management - what management's all about. This is what people expect of you, and what you have to aim at in order to survive."

(ii) Policy On Profits: Throughout the major part of the research project, Wilkin claimed to act in accordance with the requirements of profit maximization. However, at the same time, he claimed to adopt a "Christian attitude" to business, even though it "cost money." However, in 1970, he had acknowledged that his policy of expanding into a new freehold premises was inconsistent with the requirements of profit maximization.

following questionnaire alternatives in decreasing order of applicability: (k), (a), (b), (j), (d), and (c).

- (iv) Justification Of Profit: Wilkin selected questionnaire alternative (a) as a justification of profit, i.e., "A just reward for the efforts and endeavours of the owner-manager." (I.P.)

PRICING: Wilkin claimed to evolve his policy on pricing on the basis of a forward projected annual budget, taking into account his pre-determined acceptable level of profits; the strength of competition in the firm's various market-product situations, and the firm's expansion plans.

2.5.2. DAVID WILKIN

David Wilkin ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	16.5
2	To make a profit as a return on capital invested in the firm	14.0
-	To provide employment for employees	-
-	To provide the market with goods and services	-

Goal 1: "To provide Employment For The Owner/s"

Wilkin said that he had never been in employment, and would find it "almost impossible" to reconcile "taking orders," which employment would entail, with his accustomed independence.

Goal 2: "To Make A Profit As A Return On Capital Invested In The Firm"

Wilkin said that the firm's goal of providing employment for the owners was synonymous with satisfying the owners' personal needs inside the

firm, whereas the goal of profit was synonymous with satisfying the owners' personal needs outside the firm.

al 3/4: "Provision Of Employment For Employees And The Provision Of Goods And Services For The Market"

Wilkin said that neither of these goals applied in his mind. He described print workers as "ungrateful militants," and said that most of the firm's customers felt little loyalty towards the firm: "They just want a product at a price, and that's as far as it goes."

PROFIT (Appendix 1. 0.11)

- (i) Function Of Management: Wilkin defined the function of management in terms of questionnaire alternative (a), i.e., profit maximization.
- (ii) Policy On Profits: Wilkin chose questionnaire alternative (b). He said that the market for commercial photography was extremely competitive and that, but for his own strong personal interest in photography, the firm might already have discontinued commercial photography as a product line.
- (iii) Determination Of An Acceptable Level Of Profit: Wilkin selected questionnaire alternatives (j), (g) and (a), in that order.
- (iv) Justification Of Profit: Wilkin selected questionnaire alternative (a), consistent with an ideology of laissez-faire.

PRICING: Wilkin claimed to experience little autonomy in pricing due to the strength of competition in the market for commercial photography. As a result, he claimed, his prices were governed by market rates.

2.5.3. HARRY BRIDGES

Bridges ordered the firm's goals as follows:

1	To provide employment for the owner/s	19.5
2	To make a profit as a return on capital invested in the firm	15.5
-	To provide employment for employees	0.0
-	To provide the market with goods and services	0.0

Bridges said that providing employment for the owners was "definitely" the firm's principal goal. He said that Ian and David Wilkin had never worked for anyone else, and "wouldn't like to have to." He said that profit was also very important, but that the other 2 alternative goals didn't apply in any measure whatsoever.

Thus, Bridges perceived the firm's goals very much as Ian Wilkin had done, whereas Smythe (below) stated profit as the firm's main goal and, like his sales counterpart, Simons, of Modern Litho Limited, had claimed the goal of "providing the market with goods and services" above that of "providing employment for employees."

PROFIT (Appendix 1. 0.11)

- (i) Function Of Management: Bridges selected questionnaire alternative (a), i.e., profit maximization.
- (ii) Policy On Profits: Bridges, again, selected questionnaire alternative (a), and claimed to have experienced no independence to do otherwise.
- (iii) Determination Of An Acceptable Level Of Profit: Bridges selected questionnaire alternative (b) which, he said, was the only parameter of profitability which reflected on him personally.
- (iv) Justification Of Profit: Bridges selected questionnaire alternative (c) consistent with an ideology of Social Responsibility.

2.5.4. JOHN SMYTHE

Smythe ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	20.0
2	To provide employment for the owner/s	16.5
3	To provide the market with goods and services	8.5
4	To provide employment for employees	8.5

Goal 1: "To Make A Profit As A Return On Capital Invested In The Firm"

"I know profit is a dirty word, but it's vital for all other goals."

Goal 2: "To Provide Employment For The Owner/s"

"The Wilkins's could never work for anyone else now."

PROFIT (Appendix 1.0.11)

- (i) Function Of Management: Smythe defined the function of management in terms of questionnaire alternative (a), i.e., profit maximization.
- (ii) Policy On Profits: Again, Smythe selected alternative (a).
- (iii) Determination Of An Acceptable Level Of Profit: Smythe selected alternatives (a) and (d) in that order.
- (iv) Justification Of Profits: Smythe selected alternative (b) consistent with an ideology of Long-Term-Company-Interest.

2.5.5. WARNER

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital employed in the firm	20.0

- | | | |
|---|---|-----|
| 3 | To provide the market with goods and services | 9:0 |
| 4 | To provide employment for employees | 1:0 |

PROFIT (Appendix 1. 0.11)

(i) Function Of Profit: Warner selected questionnaire alternative (a), i.e., profit maximization.

(ii) Policy On Profits: Warner again selected questionnaire alternative (a).

He said:

"Profit maximization is the essential strategy which any manager has to employ. This is defined by the business for which he works."

(iii) Determination Of An Acceptable Level Of Profit: Warner selected questionnaire alternatives (a) and (b) in that order.

(iv) Justification Of Profit: Warner selected questionnaire alternative (b), consistent with an ideology of Long-Term-Company-Interest.

2.6. LEADERSHIP AND DECISION-MAKING

The entrepreneur, Ian Wilkin, was involved in 3 different decision-making situations. These were as follows:

(i) During Monday lunch-times, accompanied by his brother, he had lunch with his parents at their home. The main purpose of this meeting was to facilitate a discussion on the firm's progress.

(ii) Evening meetings, involving Ian Wilkin, Bridges and Smythe, were convened, on average, 2 or 3 times a month in order to discuss essentially medium or longer-term issues affecting the firm.

(iii) Day-to-day contacts initiated by Bridges and Smythe, to solve current day-to-day problems.

The data on decision-making generated from this firm exceeded what generated from any other single firm. However, for reasons of space, not all of the data will be presented in case-study form. Instead, much of it will be used in an illustrative context in discussion in the main thesis.

STRATEGIC DECISION-MAKING

The firm's principal strategic decisions appeared to have been as follows:

- (1) To diversify the firm's product range, and expand it's sales volume by gaining control of Stationary Printers Limited.
- (2) To diminish the firm's reliance on Olivetti by modifying the firm's product output ratio of accounting stationery to jobbing printing in favour of the less profitable jobbing printing.
- (3) To experiment with a desk computer service.
- (4) To further diversify the firm's product range, and again expand it's sales volume by forming the 'Kingston Publishing Company'.
- (5) To borrow £30,000 from I.C.F.C. in order to finance the construction of a new premises, thus structuring a further expansion of the firm's sales turnover.
- (6) An undeclared decision to retire at the age of 50, and either sell the firm or install a professional manager.

The latter decision had been made without the knowledge of anyone other than the researcher, and Wilkin himself, and had thus been formulated using an essentially autocratic style of leadership. However, in view of the fact that the other 3 family shareholders jointly held 55 per cent of the shares, the decision would inevitably have to be "sold" to them eventually.

Wilkin appeared generally to have used an essentially autocratic/persuasive leadership style, both in respect of his family directors and his non-family directors, when arriving at strategic policy decisions.

onment, and which arose essentially in response to the entrepreneur's attempts at attaining his individually determined entrepreneurial goals. This was particularly the case with the goals of 'Security' and 'Finding an Outlet for Personal Abilities', which were both perceived as being strongly reliant upon the firm's continued growth for their attainment.

Wilkin claimed to have made the above decisions essentially in isolation, and to have then "gone about getting them accepted." The latter process, he said, had not always been easily achieved. He claimed that his brother and parents were "automatically opposed to the idea of spending money on anything more expensive than an ordinary pencil." As a result of this, he claimed, they were of relatively little use as an aid to decision-making. However, the task still remained of securing their agreement on all major decisions, and he claimed to succeed in this task by means of 2 different strategies: either (i) that of "dropping things (decisions) out in conversation" and hoping that their true significance would not be noticed, or (ii) "presenting them with a fait accompli."

Wilkin had experienced no difficulty in getting strategic decisions accepted by Bridges and Smythe. In fact, very little discussion between them had taken place prior to such decisions being made. It was only at the next stage of (administrative) decision-making that these 2 managers had been meaningfully involved.

ADMINISTRATIVE DECISION-MAKING

The principal administrative decisions made in this firm, during and immediately previous to the research project, were as follows:

- (1) To commission the services of management consultants.
- (2) To offer directorships to Bridges and Smythe.
- (3) To appoint a professionally trained Production Manager.
- (4) The location of new premises.

leadership style as perceived by himself, on the one hand, and Bridges and Smythe on the other. Bridges and Smythe were presented with the continuum of management leadership styles, and said that Wilkin used an essentially autocratic leadership style on all but minor decisions. Bridges said:

"Mister Ian is master here, and he has his way. It is a dictatorship in practice. I can't change the policy of this company. He (Ian Wilkin) acts for the family, and they always back him. He's definitely the governor."

However, Wilkin appeared to perceive his own leadership style as having been more democratic:

"Often, I'm not sure where an idea starts. It may be that Mr. Bridges or Mr. Smythe mentions something and it works round in my mind. I am quite democratic though. I am easily swayed by good ideas. They (Bridges and Smythe) say I'm not. (He laughed). They say I make all the decisions, but I do listen."

COMMUNICATIONAL DECISION-MAKING

Both Bridges and Smythe claimed that Wilkin adopted a consultative leadership style in day-to-day decision-making.

2.7. JOB SATISFACTION (Appendix I. 0.7.)

<u>Respondant</u>	<u>Level Of Job Satisfaction</u>
Ian Wilkin	Moderate to High (5)
David Wilkin	High (6)
Harry Bridges	Moderate to low (3)
John Smythe	High (6)
Gilbert Warner	Low (2)

In January, 1969, the researcher invited Ian Wilkin to visit the Polytechnic. Lunch was arranged in the company of the Ministry of Technology Industrial Liaison Officer based at the college. During lunch, the Liaison Officer had remarked that he "envied independent businessmen." In response, however, Wilkin said that he envied people with jobs divorced from the responsibilities of business ownership. He said he quite deeply regretted not having taken advantage of his opportunity to read biology at university. He added, that his role as an owner-manager made excessive demands upon his time, and led to a perpetual pre-occupation with business problems in leisure-life:

"I work, go home, eat, and go straight to sleep. I couldn't stand more than 55 to 60 hours a week now, but I never really escape from work anyway. There are always at least a dozen things on my mind."

Wilkin said that he did not get a great deal of satisfaction from being self-employed, and intended to sell the firm as soon as the market value was sufficient to yield him an invested income capable of sustaining an acceptable living standard.

2.7.2. DAVID WILKIN

David Wilkin claimed a high level of job satisfaction because, he said, he had "complete independence" and was "deeply involved in his first love - photography."

2.7.3. HARRY BRIDGES

Bridges said that his experienced level of job satisfaction was moderate to low due to the repetitive and detailed nature of his work and, also, to the effects of long working hours on his family life. Further, he said he did not feel that he was being adequately rewarded financially for his long working hours, and that, if the situation didn't improve in the new plant,

2.7.4. JOHN SMYTHE

Smythe claimed a high level of job satisfaction, and said he experienced practically all of the rewards he sought from his work.

2.7.5. GILBERT WARNER

Warner said that, because of the attitude of the firm's directors towards him, his level of experienced job satisfaction was low. However, he said, he had initially anticipated a high level of job satisfaction: High (6).

2.8. ROLE TIME INTENSIVITY (Appendix 1 0.8.)

2.8.1. IAN WILKIN

Ian Wilkin claimed that, immediately after becoming Managing Director of the firm, he had typically worked approximately 100 hours a week. He claimed that, for the first 2 years, 1965-7, (which included the period of the firm's financial crisis), he had typically worked from 8.0 a.m. to 10.0 p.m., for 7 days a week. However, after this time, he claimed, he had begun to reduce his working hours, typically working from 8.30 a.m. to 8.30 p.m., Monday to Friday, and 10 hours on Saturday, i.e., approximately 70 hours.

During 1969-70, Wilkin said, he had reduced his working hours still further to an 11-hour day (9.0 a.m. - 8.0 p.m.) plus usually 9.0 a.m. to 1.0 p.m. on Saturday, i.e. 59 hours.

He offered 2 reasons for the progressive reduction in his working week:

- (1) A lowering of his tolerance of physical stress: "I work, go home, eat and go straight to sleep. I couldn't stand more than 55 to 60 hours (a week) now..."
- (2) A delegation of authority: "A lot of the jobs I used to do, like estimating and answering customer queries, are done by other people now, and I tend to concentrate on what I ought to be doing - managing."

2.8.2. DAVID WILKIN

David Wilkin claimed to work "office hours" of 9.0 a.m. to 5.30 p.m., Monday to Friday, plus 9.0 a.m. to 1 p.m. on Saturdays, i.e., 47.5 hours.

2.8.3. HARRY BRIDGES

Bridges claimed to work from 8.0 a.m. to between 6.0 p.m. and 10.0 p.m. in the evenings, Monday to Friday, plus 4-5 hours on Saturdays, i.e., an average estimated working week of 60-65 hours.

2.8.4. JOHN SMYTHE

Smythe claimed to work from 8.0 a.m. to between 7.0 p.m. and 9.0 p.m., Monday to Friday, plus about 5 hours on Saturdays, i.e., an average estimated working week of 65 hours.

2.8.5. GILBERT WARNER

Warner said that the managers at Leadprint had worked longer hours than most managers in his previous experience. He had typically worked a 45 hour week in previous employment (9.0 a.m. to 6.0 p.m., 5 days a week) but, at Leadprint, had worked from 8.0 a.m. to 7.0 p.m., on 5 days a week, plus 8.0 a.m. to 2.0 p.m. on Saturdays: a total of 61 hours. Further, he said, these hours had been typical of those worked by Ian Wilkin, Bridges and Smythe.

2.9. BUSINESS IDEOLOGY

2.9.1. IAN WILKIN

<u>Subject Groups</u>	<u>Ideological Set</u>		
	<u>S.R.</u>	<u>L.P.</u>	<u>L.T.C.I.</u>
Redundancy	--	1	--
Purpose	1	--	--
Information	--	1	--
Public Life	1	--	--
	2	2	--

	<u>S.R.</u>	<u>I.P.</u>	<u>L.T.C.I.</u>
Profit	1	-	-
Employees	-	2	1
Customers	1	-	-
Government	-	-	1
Employers Organizations	-	-	1
	<hr/>	<hr/>	<hr/>
	2	2	3
	<hr/>	<hr/>	<hr/>

2.0.2. DAVID WILKIN

Nichols's

Subject Groups

Ideological Set

	<u>S.R.</u>	<u>I.P.</u>	<u>L.T.C.I.</u>
Redundancy	-	1	-
Purpose	-	1	-
Information	-	1	-
Public Life	-	1	-
	<hr/>	<hr/>	<hr/>
	0	4	0
	<hr/>	<hr/>	<hr/>

Appendix 1. G'S 11-15

Profit	-	1	-
Employees	-	3	-
Customers	-	-	1
Government	-	1	-
Employers Organizations	-	-	1
	<hr/>	<hr/>	<hr/>
	0	5	2
	<hr/>	<hr/>	<hr/>

Nichols's

Subject Groups

Ideological Set

S.R. L.F. L.T.C.I.

Redundancy	1	-	-
Purpose	-	-	1
Information	-	-	1
Public Life	-	1	-
	<hr/>	<hr/>	<hr/>
	1	1	2
	<hr/>	<hr/>	<hr/>

Appendix 1. G's 11-15

Profit	1	-	-
Employees	1	1	1
Customers	1	-	-
Government	-	-	1
Employers Organizations	-	-	1
	<hr/>	<hr/>	<hr/>
	3	1	2
	<hr/>	<hr/>	<hr/>

2.9.4. JOHN GAYDNE

Nichols's

Subject Groups

Ideological Set

S.R. L.F. L.T.C.I.

Redundancy	-	1	-
Purpose	-	-	1
Information	-	1	-
Public Life	-	1	-
	<hr/>	<hr/>	<hr/>
	0	2	1
	<hr/>	<hr/>	<hr/>

Appendix 1. G's 11-15

Profit	-	-	1
Employees	-	2	1
Customers	1	-	-
Government	-	1	-
Employers Organizations	-	-	1
	<hr/>	<hr/>	<hr/>
	1	3	2
	<hr/>	<hr/>	<hr/>

Nichols's

<u>Subject Groups</u>	<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
Redundancy	-	-	1
Purpose	-	-	1
Information	-	-	1
Public Life	1	-	-
	<hr/>	<hr/>	<hr/>
	1	0	3

Appendix 1. O's 11-15

Profit	-	-	1
Employees	-	1	2
Customers	-	-	1
Government	-	-	1
Employers Organizations	-	-	1
	<hr/>	<hr/>	<hr/>
	0	1	6

2.10. ENVIRONMENTAL CONTROL

2.10.1. LABOUR SUB-ENVIRONMENT

In this firm, as had been the case at Modern Offset Limited, but unlike the 2 larger printing firms studied, the firm's most consistently stated major problem was associated with recruiting and maintaining a stable and competent labour force.

The size of the labour force was stated, by the Managing Director, to have remained fairly constant at between 40 and 50 personnel throughout the firm's change in product emphasis from photography to printing during the previous decade. At the time of the study, only 6 personnel were employed in the commercial photographic section of the firm, and this was stated to represent a full labour force in that section.

strated a required total organizational workforce of 48 personnel, i.e., 42 in the printing section of the firm. However, the average number of personnel actually employed in the printing section of the firm at any one time during 1967, was 36. That is, the firm had been unable to recruit a full labour force, and had had an average of 6 positions, i.e., nearly 15 per cent of the total unfilled.

A similar situation had existed until the end of 1970. However, whilst Wilkin attributed this essentially to the strength of competition for labour in the area and the firm's low wages, Bridges claimed that, in addition, Wilkin was often quite contented not to advertise for additional personnel in order to limit the firm's wages bill.

Labour turnover and absenteeism in the firm were relatively high. Figures, derived from records available in the firm were as follows:

LABOUR TURNOVER	MALE	FEMALE	TOTAL
<u>1966</u>			
Workforce Size	29	11	40
Labour Turnover	23	6	29
Percentage Turnover	79.0	54.5	72.5
<u>1967</u>			
Workforce Size	33	11	44
Labour Turnover	19	4	23
Percentage Turnover	57.5	36.0	52.5
<u>1968</u>			
Workforce Size	35	12	47
Labour Turnover	23	7	30
Percentage Turnover	66.0	58.5	64.0

1969

Workforce Size	39	14	53
Labour Turnover	28	9	37
Percentage Turnover	72.0	64.0	70.0

1970

Workforce Size	42	14	56
Labour Turnover	27	6	33
Percentage Turnover	64.5	43.0	59.0

Wilkin said that he had been surprised to realise that the firm's labour turnover rate was as high as the researcher's analysis had demonstrated. However, he said that labour turnover in the printing industry was characteristically high due to the fact that most printing workers were relatively intelligent, and found the performance of repetitive jobs very boring. Thus, changing jobs, Wilkin claimed, was often seen as a solution to boredom.

Absenteeism

Absenteeism appeared to present substantial problems in this firm, and ran at a relatively high level. Wilkin said:

"Some people just turn up when they think they will. Sometimes we end up counting the people who are in rather than the ones who are absent."

During a visit in February, 1969, he said:

"We suffered 80 per cent absenteeism amongst clerical staff last week, and, clerically, we are still way back in January. There was no epidemic of any kind. They claimed to have all sorts of different sicknesses."

Absentee records existed within the firm, but had never been previously analysed. The relevant figures for the period under study were as follows:

1966	14.2 per cent
1967	11.1 per cent
1968	12.9 per cent
1969	9.8 per cent
1970	13.6 per cent
	<u>12.3 per cent</u>
Average	

Unionization

The firm was not unionized, and experienced no organized resistance to the introduction of new equipment.

A female worker in the finishing department, who, during the war had been a shop steward at a large firm, said to the researcher:

"People in small firms are always frightened of the boss. In a large firm, if it's too cold to work, you tell the bosses to get something done about it or you'll all go home. Here, everyone talks behind the bosses back but, when the suggestion of a joint complaint is made, all opposition dissolves. There's no solidarity - they're all frightened."

2.10.2. WORKFORCE EFFICIENCY SUB-ENVIRONMENT

(a) Administrative Control Systems

The need for administrative control systems in this firm was quite pronounced due to the jobbing nature of much of the firm's total product output. However, functional specialists were essentially absent from the firm. A trained accountant had left the firm in 1966, and Gilbert Warner, a professionally trained production manager, had been dismissed near the end of the research project. Neither had been replaced.

In 1965, Ian Wilkin had been personally involved in buying, selling, estimating and production control. However, by 1970, the functions of selling

subordinates.

(b) Workforce Structure

The firm's workforce structure was as follows:

WORKFORCE STRUCTURE	MALE		FEMALE	
ADMINISTRATIVE CATEGORIES				
(1) Management & Supervision	(6)*	3**	(0)	0
(2) Professionals	(1)	1	(0)	0
(3) Clerks	(0)	0	(4)	6
	(7)	9	(4)	6
PRODUCTIVE CATEGORIES				
(1) Craftsmen	(19)	27	(1)	2
(2) Operatives	(2)	5	(6)	6
(3) Labourers	(1)	1	(0)	0
	(22)	33	(7)	8

* Figures for 1966 ** Figures for 1970

RATIO OF ADMINISTRATIVE TO TOTAL WORKFORCE: 15/56 (11/49) = 26.8 (27.5)

Thus, the proportion of the firm's total human resources devoted to administration had changed relatively little during the 5-year period 1966-70 inclusive.

External aids used by the firm were as follows:

To Sales:

- (1) Used Salesmen.
- (2) Used other firms for supply of 'in-trade' work.
- (3) Used other firms as sub-contractors to supplement the firm's own capacity when required.
- (4) Advertised in printing journals.
- (5) Distributed advertising pamphlets.
- (6) Used Ministry of Technology Industrial Liaison Centre as an aid to selling computer time.

To Labour Recruitment:

- (1) Used newspapers for advertising jobs.
- (2) Used staff agencies for recruiting temporary clerical staff.

To Recruitment of Information:

- (1) Used suppliers for information on new materials, e.g., papers, inks, etc.
- (2) Read Printing Trade Journals.
- (3) Attended exhibitions of printing equipment.
- (4) Had used Management Consultants.
- (5) Used British Federation of Master Printers for information on accounting systems, and general information concerning the printing industry.
- (6) Attended short courses run by K/FA, i.e., Kingston Area Productivity Association.
- (7) Attended British Institute of Management meetings.

To Recruitment of Finance:

- (1) Used a bank overdraft.
- (2) Used the Industrial Commercial Finance Corporation as a source of finance.

Total Number of Agencies Claimed: 17.

A precise appraisal of the effectiveness with which the above aids were used was essentially beyond the scope of the present research, and the researcher does not consider that he would have been able to have persuaded all of the parties concerned to co-operate, even if time and resources had been available. For instance, the firm of consultants used by Leadprint had never been paid, due to their considered incompetence. However, Wilkin said, any approach made towards them by the researcher, might have raised the issue once again, to the financial detriment of the firm.

However, in the above case, the entrepreneur admitted a shortcoming on his own part, in his method of selection of consultants. Wilkin's use of the British Federation of Master Printers, however, appeared to have been effective. Further, the firm's use of the Industrial and Commercial Finance Corporation also appeared to have been effectively executed.

2.10.4. TECHNICAL SUB-ENVIRONMENT (Appendix 1. Q.10. (i))

The respondents were presented with Appendix 1. Q.10, and awarded points for the firm's technology by selecting statements representative of the firm's technology.

<u>Respondent</u>	<u>Points Awarded (x)</u>
Ian Wilkin	6
David Wilkin	5
Harry Bridges	5
John Smythe	6
Gilbert Warner	5

$$\begin{aligned} \text{Mean Technology Quotient} &= \frac{\sum nx}{\sum x} \\ &= \frac{27}{5} = \underline{5.4} \end{aligned}$$

<u>Respondent</u>	<u>Jobbing Printing</u>	<u>Accounting Stationary</u>	<u>Out-of-Print Books</u>	<u>Commercial Photography</u>
Ian Wilkin	2	3	4	1
David Wilkin	-	-	-	1
Harry Bridges	2	3	4	-
John Smythe	3	5	4	-
Gilbert Warner	2	4	4	-
Mean Market Strength :	<u>2.25</u>	<u>3.75</u>	<u>4.0</u>	<u>1.0</u>

IAN WILKIN'S APPRAISAL OF THE MARKET SITUATION

Jobbing Printing

Wilkin said:

"We get orders because we offer good prices and delivery dates. The moment that stops, our customers will start looking elsewhere."

Accounting Stationary

Wilkin said:

"Olivetti are satisfied with our product. We give them what they want and they are satisfied. If we let them down a few times, we would lose them. I'm sure our survival is of no concern whatsoever to them."

However, Wilkin said that the size of the Olivetti order -- worth in the order of \$1,000 per week -- permitted large standardized runs, which made the firm very competitive vis-a-vis other competing firms. He claimed that Leadprint received orders for between 80-90 per cent of all Olivetti's accoun

LEADPRINT LIMITED

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>	<u>LOCAL</u>	<u>NATIONAL</u>	<u>INTERNATIONAL</u>	<u>MARKET STRENGTH</u>
Office Machinery	Olivetti	Accounting Stationary	40 per cent		U.K.		3 - 5
Various	Various	Jobbing Printing	35 per cent	Kingston Area			2 - 3
Various	Various	Commercial Photography	15 per cent	Kingston Area			1
Publishing	James Press	Out-of-Print Books	10 per cent		U.K.		4

maintaining 10-20 per cent, were at a disadvantage in lacking the potential benefits of scale.

Out-of-Print Books

Wilkin said:

"Most of the home market is taken up by a firm in Wakefield. We produce for James Press, and they sell abroad, so our market is really abroad."

He claimed a large degree of loyalty between James Press and Leadprint:

"Most firms spend their time fighting you to get either a lower price or a faster delivery, but James Press are actually on our side - our problems are treated as their problems and vice-versa. They are Quakers, and we both believe you should run a business on Christian principles even if it costs you money."

Commercial Photography

Wilkin said:

"Competition is absolutely ruthless. A lot of our prices are the same as they were in 1952. If you increase a price, a customer you've had for 20 years leaves you overnight."

Sales Director's Comments

Smythe said that the printing industry generally was "fiercely competitive," and that a typical net profit was a 5 per cent return on capital. He said:

"People are printing in garden garages, and large firms are producing at break-even costs just in order to prevent idle capacity, and they're all competing with us."

quality, Leadprint could select it's work, and could afford to pass on small unprofitable orders, whereas many print firms were obliged to accept any work they could get. Further, he said that, as the firm had grown, it had continually benefited from the economies of larger-scale production, and thus it's price increases had been relatively small resulting in strengthening of it's competitive position.

Thus,

$$\begin{aligned} \text{Total Number of Market-Product Situations (M)} &= 4 \\ \text{Aggregate Market-Product Strength(s)} &= (0.35 \times 2.25) \\ &+ (0.4 \times 3.75) + (0.1 \times 4.0) + (0.15 \times 1.0) = 2.84 \\ \text{Total Organizational Market Flexibility} &= \underline{41 + 2.84} \end{aligned}$$

2.10.6. KNOWLEDGE SUB-ENVIRONMENT

<u>Elemental Sub-Environment</u>	<u>Points Scored</u>
Labour Sub-Environment	4/10
Workforce Efficiency Sub-Environment	5/10
External Aids Sub-Environment	10/10
Technical Sub-Environment	7/10
Market Sub-Environment	8/10
Total :	<u>34/50</u>

Thus, the firm's 'Environmental Perception Quotient' = 68 per cent

2.11. MAJOR ORGANIZATIONAL PROBLEMS

At each visit to the firm, the researcher had concluded the meeting by asking the respondent to state the firm's major problems as he perceived them.

the firm's major problems, as perceived by the entrepreneurs, were voiced in terms of financial difficulties, and difficulties encountered in recruiting staff with the required skills. In the 2 largest printing firms studied, the entrepreneurs voiced their perceived major problems essentially in terms of difficulties encountered in dealings with national government. However, in the case of Leadprint, a progression was observed over time away from perceived problems being based upon essentially internal administrative deficiencies, and towards those encountered in interaction with national government.

2.11.3. MAJOR PROBLEMS AS PERCEIVED BY IAN WILKIN

Labour Problems

These were claimed as major problems throughout the duration of the research project, and typical statements made by Wilkin on this issue were as follows:

- (1) "We sometimes have to advertise a job several times before we get any response. Even then, people sometimes accept jobs and don't take them up"
- (2) "When we take on new people, we get a mixture of good and bad. The bad ones seem to want to stay with us, and the good ones all too often leave."
- (3) "Some people just turn up when they think they will. Sometimes we end up counting the people who are in rather than the one's who are absent."

Further, problems were expressed relating to the firm's perceived shortage of administrative skills. Typical statements made on this issue were:

- (1) "We are desperately short of skilled administrators. We have grown beyond the capacities of the people at present holding these posts."
- (2) "On the matter of training of managers, we are coming round to the idea of home training. Outside managers won't work for us because they are shocked by our methods. Managers tend to stay where they are trained"

to recruit them, but if we can train our own, it should be easy to keep them."

- (3) "We have changed our minds on training of managers. It's difficult to train them yourselves. We haven't the facilities. All small firms have to poach their middle management."
- (4) "We aren't going to be able to get managers from outside, we we'll have to try to train our own."

Financial Problems

In 1966 and 1967, the firm had almost failed to survive due to a shortage of liquid trading capital. From that point onwards, this problem had ceased to exist in any similar proportions. However, a financial problem of lesser dimensions arose in the latter stages of 1968, as a result of Olivetti taking excessive credit:

"An Olivetti invoice clerk left and wasn't replaced for quite a while, so we didn't get paid for weeks - we had to eventually send Mr. Smythe along to clear their invoices so they could pay us."

In 1969, Wilkin claimed a "small finance problem" resulting from the purchase of machinery to equip the expanding out-of-print section of the firm. However, this was only mentioned on a single visit, and was considered to be less serious than the firm's financial problems of 1968, and hardly comparable with those of 1966/7.

Overloaded Capacity

During several visits dispersed throughout the entire research project, Wilkin said that "all of the firm's production departments" were "overloaded with work." However, he said, "that's a problem I don't mind having."

(1) On one occasion, Wilkin had said:

"Job definitions here are all haywire. Everyone complains they don't know what they're supposed to be doing. We'll have to arrange a management meeting to thrash it out."

Other problems stated on various visits were:

- (2) "Getting the new (out-of-print) section going soon enough to keep customers happy."
- (3) "Really, the new (out-of-print) section is a problem now. The young apprentice we got in to run the section isn't really suited to the job, and so we shall have to start looking all over again."
- (4) "Finding a buyer for the old premises."
- (5) "Apprentices going on day-release (to college) presents us with headaches. Large firms can carry extra staff for these sort of contingencies but, in a small firm, every person missing is a fairly important slice of the overall workforce."

Relations With National Government

Throughout the first 2 years of the research project, Wilkin did not once cite any aspect of the firm's relations with national government in the context of statements concerning the firm's major problems. It appeared that the more immediate day-to-day problems were perceived as threatening the firm's survival to a greater extent than the actions of national government. However, the firm was, in some respects, directly affected by the actions of national government and, in certain instances, Wilkin did register disapproval of these actions. The actions in question were:

- (1) A G.I.C. compulsory purchase order had been placed on the firm's premises in the centre of Kingston. This had been due for purchase until the

Leadprint's possession in 1970. This had limited the firm's financial liquidity.

- (2) Another government action at which Wilkin registered disapproval was the Companies Act of 1967 with its provision that any firm with an annual sales turnover in excess of £50,000, should lodge details of its accounts with the Registrar of Companies. Wilkin said:

"I feel fairly strong about this. It enables a customer to ascertain its significance in the small firm's sales figures. We are very reliant on Olivetti, and this Act could weaken our position because they could now find out how reliant we are on them, and cut our (profit) margins."

- (3) During April, 1969, Wilkin expressed disapproval at the increase in S.R.T. which formed a part of the recent budget.
- (4) The actions of national government exerted an influence on the firm in other respects. For instance, on 2 occasions during the research, Wilkin responded to the financial initiatives of national government: he purchased an imported automatic guillotine at the time of devaluation whilst he could still demand a pre-valuation price, and purchased a printing machine on the day before investment grants fell from 25 to 20 per cent.

However, it was not until near the end of the project that Wilkin began to mention national (and local) government when voicing the firm's major problems as he perceived them. In 1969, he had applied to the Board of Trade for an Industrial Development Certificate, and to the local council for planning permission to build a new premises. Thus, "getting an I.D.C." (Industrial Development Certificate) was cited as a major problem and also, "local government inefficiency" when the local council mislaid the firm's I.D.C., thus resulting in a delay before planning permission could be granted.

2.11.2. DAVID WILKIN

David Wilkin said that the firm's major problems, as he perceived them

with the firm's overall growth."

2.11.3. HARRY BRIDGES

Bridges, at his meetings with the researcher, stressed problems stemming from competence of the firm's employees. He said that the firm employed a "poor grade" of labour because it paid low wages. However, he stated the firm's major problem as being the absence of competent administrative personnel - he described even the directors (himself included) as "amateurs." He said, "we have a lot of faults and succeed in spite of them - not because of them." Further, he said that the firm's problems were accentuated by having "a large firm turnover whilst persisting with a small firm product" - i.e., jobbing printing. He said that Warner had been a competent manager "with a large firm outlook - he stayed in his office and tried to delegate, and that doesn't work with the sort of people we employ."

The other problem stated by Bridges, prior to moving into the new plant, had been the congestion in the original premises.

2.11.4. JOHN SNYTHE

Snythe said that, during 1968, the firm's major problem had been that of a shortage of liquid capital brought about largely by Olivetti taking several months to pay invoices. Otherwise, he said, the firm's major problem was "undoubtedly" that of a lack of competent departmental and middle management. He said the firm's profitability was suffering as a result of inefficiencies caused by incompetent middle management.

2.11.5. GILBERT WARNER

Warner had cited the firm's major problem as: "A lack of production control procedures."

ORGANIZATIONAL PROFIT GOAL ATTAINMENTLEADPOINT LIMITED

YEAR	1964	1965	1966	1967	1968	1969	1970
CAPITAL EMPLOYED	£59,364	£62,362	£75,176	£79,677	£86,677	£104,433	£127,624
SALES TURNOVER	£73,674	£83,301	£77,535	£91,862	£104,029	£129,753	£175,168
PROFIT (Pre-Tax, Post Dep'n)	£714	£1,636	£308	£3,878	£6,464	£3,376	£9,036
PERCENTAGE PROFIT RETURN ON CAPITAL EMPLOYED	1.2	2.6	0.4	4.9	9.8	3.2	7.1

The profit figures stated above are exclusive of payments made to family directors. Until 1968, the family directors had never taken, in total, more than £5,000 out of the firm in any one year. However, in 1969, they drew a total of £6,137 and, in 1970, £12,219. In 1969, Ian Wilkin personally drew approximately £2,000 and, in 1970, £4,000.

- 3.0. G.S. GRIDLEY AND COMPANY LIMITED
- 3.1. BRIEF DESCRIPTION OF THE FIRM
- 3.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS
- 3.3. RESEARCH METHOD
- 3.4. ENTREPRENEURIAL GOALS
- 3.5. ORGANIZATIONAL GOALS
- 3.6. LEADERSHIP AND DECISION MAKING
- 3.7. JOB SATISFACTION
- 3.8. ROLE TIME INTENSITIVITY
- 3.9. BUSINESS IDEOLOGY
- 3.10. ENVIRONMENTAL CONTROL
- 3.11. MAJOR ORGANIZATIONAL PROBLEMS
- 3.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

The firm had been registered as a company in 1896 by the founder, G.S.Gridley. In 1931, whilst the founder had still been Managing Director, Donald Sinclair (Sar) had joined the firm and, in 1942, became a director and later Managing Director. On retiring in 1957, he had been succeeded by his son, John Sinclair, who was Managing Director throughout the duration of the research project.

John Sinclair was Managing Director, Chairman, and Secretary of the firm, which also had two non-executive directors. These, the spinster daughter of the founder, and a retired director of one of the firm's former customers respectively, were both shareholders, but played no active role in the firm's administration.

The firm was a close company with approximately thirty shareholders. At the beginning of the research project, Sinclair, in conjunction with his sister, had owned over fifty per cent of both the ordinary and preference shares in the firm. However, during the project, Sinclair made further purchases of shares to become a single majority shareholder. The firm convened no board meetings nor Annual General Meetings of shareholders, and Sinclair had functioned as the sole source of executive control in the firm until he appointed a General Manager, David Pickard, in 1968, and made him a director in 1970.

At the beginning of the research project, the firm's total workforce had numbered approximately ninety-five personnel of whom only five, including the entrepreneur, had been involved in line management. By the end of the research project, the firm's workforce had grown to a total of 103 personnel.

The firm was situated in a 10,000 sq.ft. freehold premises facing onto a main street within easy access of public transport facilities. It's offices were situated at the front of a two-storey building with a show-case exhibiting specimens of recent work facing onto the street.

The firm was involved essentially in the production of short-run

cycle. Some were published twice weekly, others weekly, and the remainder on a monthly basis. In June, 1968, the firm began printing two daily commodity price papers and ceased printing of its only other newspaper, a university students union publication. The firm had formerly printed and published the area's local newspaper, but had sold the paper in 1964 for £72,000 to a larger firm specialising in newspaper publication. The proceeds from this sale had been invested in a stock market portfolio.

All of the firm's customers were situated in Fleet Street and 3, of a total of 14 customers, accounted for nearly 50 per cent of the firm's sales.

3.2. BIOGRAPHICAL DESCRIPTION OF THE ENTREPRENEURS

3.2.1. OWNER-MANAGER AND MANAGING DIRECTOR: JOHN SINCLAIR

John Sinclair was born in 1923, the second child and only son of a print family involved in the production of newspapers in Shropshire. However, in 1931, his father, Donald Sinclair (Snr), had left the family firm due to a family disagreement and joined G.S. Gridley, founder of G.S. Gridley and Company Limited.

John Sinclair (Jnr) had been educated privately, and left school at the age of 16 to join the Bank of England. Two years later he joined the army and served for 6 years in the Far East. At the age of 24, he had returned to England and took a regular commission. Five years later, having reached the rank of Lieutenant Colonel, he became dissatisfied with his progress in the army and, considering his career prospects there to be limited, returned to civilian life.

At that stage, Sinclair had envisaged three alternative careers as being open to him: farming and administration in the colonies or joining the family firm in England. In the event, he had joined his father in managing the firm. However, initially, he had taken very little interest in the running

of the firm. He said: "I drifted and was frantically idle for the first two years. I had no push." Donald Sinclair (Snr) had considered bringing a professional manager into the firm in view of his son's apparent lack of interest in management. However, two years later, his health had begun to fail, restricting his involvement in the firm to 2 days per week. This situation had continued for 3 years until he died in 1957, leaving his son, at the age of 34, in sole control of the firm. At the beginning of the present research project in 1967, he was the sole executive manager in the firm, and remained Managing Director throughout the duration of the project.

At the age of 44, Sinclair remained a bachelor. He lived in a residential area, and ran a Volvo sports car. He played golf as a leisure activity, and was an active member of the British Federation of Master Printers, having been a former chairman of the local Thames Valley branch.

Neither Sinclair nor his parents had belonged to any social, political or religious minority groups, and Sinclair claimed never to have suffered any marked form of social ostracism.

Politics:

- (a) Had always voted Conservative,
- (b) As parents had,
- (c) Claimed to vote as a businessman rather than as a private citizen,
- (d) Saw the difference between the two major political parties as being based upon fundamentally different ideological standpoints.

Religion: nominally Church of England.

Life-Style:

- (a) Make of car: Volvo Sports (firm's car).
- (b) Location and value of house: Richmond; £18,000.
- (c) Type of school chosen for children: had no children but preferred private education.

year spent sailing or playing golf.

- (e) Leisure interests: Golf and sailing.
- (f) Membership of clubs and associations: in membership of golf and sailing clubs.
- (g) Positions held in public life: Member of Advisory Committee of a local College of Technology. Also, former British Federation Master Printers branch chairman.
- (h) Principal friends in leisure life:

<u>Occupation</u>	<u>Situation Of Initial Meeting</u>
Print Entrepreneur	British Federation Of Master Printers Meeting.
Print Entrepreneur	Former customer.
London School Of Printing Lecturer	British Federation Of Master Printers Meeting.
Accountant	In membership of same golf club.
Stock broker	In membership of same sailing club.

3.2.2. GENERAL MANAGER: DAVID PICKARD

David Pickard was born in 1940, the third in a family of four children. Pickard perceived his social class background to be lower middle class, his father having been a university graduate employed as a mining engineer, and his mother a clerical worker before marriage. Pickard's father had set up a small construction firm in the 1930's, which had failed after a few months in operation.

Pickard had failed his 11-plus examination and received his secondary education at a state comprehensive school. He had left school at the age of 15, after having been head boy, and became apprenticed to a small printing firm of 16 employees. As an apprentice, he had attended a local College of Technology on a part-time basis and gained the Certificate of Technology in

on to take City and Guilds Licentiate examinations at the London School of Printing.

At this stage, Pickard had moved to a larger firm in order to broaden his experience. In the event, he had joined another family firm with 300 employees. It was here that he had completed his part-time studies at the London School of Printing, and had been promoted from "Assistant to the Production Controller" to "Assistant Production Controller" and, later, to "Production Controller."

Whilst at this firm, Pickard had been elected onto the executive committee of the London branch of the Young Master Printers' Federation and had been introduced to John Sinclair early in 1968 by a lecturer from the London School of Printing. At that time, Pickard had been earning £1,800 p.a. However, Sinclair had made him an offer of a starting salary of £2,500 p.a. to join G.S. Gridley and Company Limited. The offer had been accepted and Pickard had joined the firm in October, 1968.

Pickard had married a commercial artist in 1962 and, by 1970, had two young daughters - one about to start school, and the other only a few months old. Pickard had met his wife whilst active as a young member of the Church of England. However, he had lost his religious faith at the age of 19 when he began to view the church as "a big business." He said:

"I realised that the clergy were in it almost solely for a living - it saved them doing anything else."

Politically, Pickard regarded himself as "left of the Labour Party," though he didn't belong to any political party. He said:

"I hate the old boy system and want it broken. I'm on the Young Master Printers Committee in London. Most of the other committee members are sons of print owners, and they're a shower."

Pickard's brother and his two sisters had appeared to possess the

himself, was a manager in a printing firm, whilst his sisters had taken up jobs as a nurse and private secretary respectively.

Politics:

- (a) Had normally voted Labour, but abstained in the 1979 General Election due to perceived close similarity of main parties,
- (b) Parents had always voted Labour,
- (c) Claimed to vote as private citizen rather than as a businessman,
- (d) Saw the difference between the two major political parties as being based essentially upon their respective claims to greater administrative efficiency.

Religion: Agnostic.

Life-Style:

- (a) Make of Car: Triumph 2000 Estate (firm's car).
- (b) Location and value of house: Richmond; £8,000.
- (c) Type of school chosen for children: eldest child about to start school. Will probably choose private school though opposed to private education in principal.
- (d) Holidays taken at: U.K.
- (e) Leisure interests: no strong interests pursued apart from "reading management literature" and B.F.M.P. committee work.
- (f) Membership of clubs and associations: B.F.M.P. only.
- (g) Friends in leisure-life:

Occupation

Situation Of Initial Meeting

Printer	Young Master Printers
Printer	Young Master Printers
Retired Print Overseer	Overseer at G.S. Gridley & Co.Ltd.
Teacher	Both former boy scouts.
Millanan	Friend of family

The researcher experienced no difficulty in recruiting the co-operation of this firm. Twenty-nine visits were made, each of between 1 and 3 hours duration. With the exception of 4 meetings with the firm's General Manager, and 1 with the firm's overseers, all other meetings involved the entrepreneur.

During the initial months of the research project, the researcher had requested access to meet the firm's 3 overseers. However, this request had been diplomatically refused. Even so, it acted to strain the relationship, which had existed between researcher and respondent, for some time following. It was at this stage that the researcher became aware of the potential dangers of requesting co-operation at a level likely to be refused.

However, in 1970, after the researcher had developed a more durable rapport with the entrepreneur, an unsolicited offer had been made, and was duly accepted. Sinclair had asked the researcher if he would "take a look" at the firm's managers and "form an impression of them." It was this opportunity that had been used by the researcher to generate the relevant data presented in the thesis.

A semi-structured interview technique was used throughout the research project in addition to the use of questionnaires, and a study was made of the firm's relatively sparse documented records. Further, the firm's file at Companies House (Board of Trade Registry of Companies) was examined on three separate occasions. Approximately 65 hours were devoted to total contact time in collecting data for this case study.

3.4. ENTREPRENEURIAL GOALS

3.4.1. JOHN SINCLAIR

Sinclair claimed that his goals had changed with time since his entry into entrepreneurship, and claimed to be able to recall them as they had applied at the time of specific events in the firm's history. The times at which he claimed to be able to recall his goals were the present, the time of

curship.

Time Of Entry Into Entrepreneurship

Sinclair claimed that, in 1957, when he became Managing Director of the firm, he possessed "no burning desire to achieve anything spectacular" and had had "a bloody lazy nature" which had remained with him ever since. He said he had not been a highly motivated person, and would never have gone into business on his own had he not belonged to a business family. Further, he claimed that his decision to become Managing Director of the family firm had been structured largely by an absence of alternative employment opportunities stemming from his soldiering background.

Sinclair said that his goals at this time had been structured by his previous experiences and expectations:

"There were a lot of things which other people aspire towards that I could take for granted. Other people have to decide whether to stay in employment or set up on their own, but my family had a business tradition, and I was brought up in a business environment. It would have broken my father's heart if I hadn't gone into the firm and, knowing that, I still couldn't make up my mind. I can't remember ever really making a positive decision to take the reins - I just drifted into it because I couldn't decide on anything else."

He ordered his goals as they had applied at the time of entry into entrepreneurship as follows:

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Economic rewards	15.5
2	Independence	13.5
3	Finding an outlet for personal abilities	9.0
4	The status associated with "being your own boss"	6.5

5	Being able to pick the people you work with	3.5
6	Achieving recognition in the field of management	2.0
-	(Security)	0.0
-	(Building something to leave to the son/s)	0.0

Goal 1: Economic Rewards

Sinclair said he had always valued a high standard of living and saw possibilities for attaining "a good salary" from the firm:

Goal 2: Independence

Sinclair said that, after serving in the army, he had valued independence quite highly:

Goal 3: Finding An Outlet For Personal Abilities

Sinclair claimed that he valued a challenge but hadn't been sure at that time whether he would find this in business. He had thought that he might get "bogged down with trivia."

Goal 4: The Status Associated With "Being Your Own Boss"

He said that he had valued this in 1957, but not as highly as first generation entrepreneurs would have:

"I'd always known that this was mine for the taking, and so it didn't mean as much to me as it might otherwise have done."

Goal 5: Being Able To Pick The People You Work With

Sinclair hadn't valued this goal very highly because, like Goal 4 above, he had always regarded it as being comfortably within his grasp. Further, whilst in the army, he said that he had been accustomed to selecting his own subordinate N.C.O's.

He said that he had valued this goal because managing the local newspaper had afforded him a degree of goal attainment, thus making the goal realistic in its aspiration. However, he said that, in 1957, he had seen little opportunity for attaining any greater degree of recognition.

Goal: Security

Sinclair said he hadn't considered this a realistic goal at the time of entry into entrepreneurship:

"I didn't set out looking for security because I didn't think there was much in business. Otherwise I'd have joined the Civil Service instead. Business is risky both for managers and for workers. Managers can go bust and workers can be laid off, therefore, they deserve greater rewards than Civil Servants who have security in their jobs."

Goal: Building Something To Leave To The Son/s

Being unmarried and relatively young, Sinclair had seen no need to consider this goal in 1957.

Sale Of The Local Newspaper In 1964

In 1964, a local medium-sized firm of newspaper publishers had made an offer for ownership and control of G.S. Gridley & Co.Ltd's local weekly newspaper (this paper will not be mentioned by name, but is well known in the Surrey area).

The paper had originally been set up by the firm's founder, G.S.Gridley. Gridley had been "Independent" Mayor of Richmond and, Sinclair claimed, had valued the paper both for the status it had bestowed upon him amongst his resident community, and as a media for propogating his own political views. Sinclair said:

"It (the paper) was Gridley's pet. He was a local do-gooder, and used the paper to assist him to that end - it was Conservative, C of E, and all the rest. It made a profit but that was only part of his reason for keeping it."

Sinclair said that he and his father had kept the paper after Gridley's retirement and, though it earned only a relatively low profit, 6-8 per cent on capital employed, there had been no thoughts of a sale. Sinclair said:

"I was quite proud of it - it was the local rag and I liked having it - I derived quite a lot of satisfaction from it."

Sinclair's Entrepreneurial Goals Immediately Prior To The Offer For Control Of The Paper

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Economic rewards	18.5
2	Finding an outlet for personal abilities	16.5
3	Independence	11.0
4	Building something to leave to the son/s	9.5
5	Being able to pick the people you work with	7.0
6	Security	6.0
7	Achieving recognition in the field of management	4.5
8	The status associated with being your own boss	3.0

Factors Influencing Sinclair's Decision To Sell The Paper

Sinclair listed the factors which he claimed he had taken into consideration in his decision to sell the paper, in order of importance, as follows:

- (1) The price offered.
- (2) The possibilities for attainment of the goal of security.
- (3) The low profitability of the paper (6-8 per cent on capital employed).
- (4) A dislike of existing staff: "I didn't like the staff - an old editor had killed all initiative and frightened off young talent."
- (5) Technical considerations: "We weren't suited to it as a small firm. We're printers not publishers, and we were doing runs of 17,000 which was near the limit of our capacity."
- (6) The resulting loss of local recognition.

Sinclair said:

"I demanded a good deal because I wasn't anxious to sell. The idea to sell had never even occurred to me at all. They were a willing buyer and I wasn't a willing seller."

A fairly protracted "battle" had ensued, to establish a selling price, and Sinclair had finally agreed to sell for £72,000. In addition, continuing employment had been guaranteed for all employees affected.

Sinclair had invested the proceeds of the sale in a stock market investment portfolio run by merchant bankers, Warburgs.

Entrepreneurial Goals At Time Of Sale Of The Paper

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Economic rewards	19.0
2	Satisfying an outlet for personal abilities	17.5
3	Security	15.0
4	Independence	12.0
5	Building something to leave to the son/s	10.5
6	Being able to pick the people you work with	8.5
7	The status associated with being your own boss	3.5
8	Achieving recognition in the field of management	1.0

Goal 3: Security

The principal movement in entrepreneurial goals resulting from the sale was the upgrading of the goal of 'security' from position 6 to 3 and from 6.0 to 15.0 units on the questionnaire scale. In an interview in April, 1969, Sinclair had said:

"For the first time I felt secure once I'd got the cash from the paper, and security is a very strong motivating force. I was thinking of security both when I sold it, and when I put the money into a well managed investment portfolio. It makes a lower return (profit) than the business, but it's more secure. This was in my mind all the time. I didn't feel secure with all my money in print - the labour situation is so awkward. But I have security now. If the market collapsed tomorrow, we have an investment portfolio to sell, our freehold and our machines. So my security is no longer bound up with the firm's trading fortunes."

There were 2 other fairly marked changes in goal ordering arising from the sale:

Goal 5: Building Something To Leave To The Son/s

In 1962, Sinclair's sister, a shareholder in the firm, had given birth to a son and, in 1964, Sinclair had felt that this child and/or subsequent sons might possibly provide a future generation of executive management for the firm, which had looked increasingly likely to survive in view of its then diversified investment.

Goal 8: Achieving Recognition In The Field Of Management

Sinclair said:

"I valued this less after selling the paper. I'd liked having the paper - it gave me some recognition as a manager."

Decision To Appoint A General Manager

In June, 1968, Sinclair had appointed a General Manager, David Pickard.

He had been considering making such an appointment since the beginning of 1966 but had been, "finding time to get round to it." He said he felt that his approach to the problem of finding an assistant manager had been "confused."

Sinclair said that his decision to employ another manager had been structured essentially by worries about his health as he began to age. During a visit to the firm in October, 1967, he had said:

"Lately, I've begun to worry a lot about small problems. I haven't been sleeping well, and have suffered from indigestion and this has made me worry even more about work. It's a vicious circle. It must be a result of age. I would probably have brushed these things off ten or even five years ago, but I feel now that I want to divorce myself from the detail. I would also like to take more time off. I'd like to play more golf and be idle at times. I have no really absorbing hobbies. I'd still want to be involved in things here but only from a policy viewpoint."

In the second half of 1967, Sinclair had advertised in an accountancy journal for a chartered accountant to act as 'Assistant to the Managing Director'. He said that he advertised for an off-line, rather than an on-line, specialist in order to "avoid superimposing a second level of production management between myself and the shop-floor." Sinclair said that he valued the independence of his "direct relationship with the shop-floor," and his ability to "influence events there." Thus, it appeared that the prospective role of his potential assistant was intended to have been structured in accordance with the perceived requirements of attainment of his entrepreneurial goal of independence.

Response to the entrepreneur's advertisement for a chartered accountant had been relatively sparse, and the selected candidate had withdrawn shortly before he had been due to take up his role. Sinclair said that this candidate, like the others, had been reluctant to leave "the cosy

to look for a line-manager trained in print production.

For a further six months, Sinclair had taken no further action but had then approached a British Federation of Master Printers (B.F.M.P.) friend who was employed as a careers lecturer at the London School of Printing. As a result, Sinclair had interviewed several students at the school, but had considered them to be relatively inexperienced. However, the lecturer friend had later introduced him to a personal friend of his, David Pickard, who was subsequently appointed to the job.

During 1968, Sinclair had continued to expand his personal shareholding in the firm as other shareholders put their shares up for sale. This action appeared to have consequences for several of his entrepreneurial goals

Entrepreneurial Goals At December 1968

<u>Order</u>	<u>Goals</u>	<u>Value</u>
1	Economic rewards	18.0
2	Finding an outlet for personal abilities	16.0
3	Security	15.0
4	Independence	13.5
5	Building something to leave to the son/s	10.5
6	Being able to pick the people you work with	8.5
7	The status associated with being your own boss	6.5
-	(Achieving recognition in the field of management)	0.0

Thus, the purchasing of shares appeared to have implications for four entrepreneurial goals in particular: 'Economic Rewards'; 'Security'; 'Independence', and 'Building Something To Leave To The Son/s':

Goal: "Economic Rewards"

Sinclair said that he was continuing to buy shares in the firm as

they come on offer. Further, he said that he would at some time probably have to give David Pickard a share interest in the firm in order to keep him with the firm. However, he said that the firm's shares were currently undervalued. The premises alone were valued at £20,000 on the firm's balance sheet, but had a market value of around £50,000. Thus, Sinclair said that he was contented to continue buying shares at the current valuation for reasons of "greed and security." He said he would await the death of Jane Gridley, (non-executive director and niece of the founder) before revaluing the company and modifying its financial structure. In this way, he considered, he would have an opportunity to purchase Jane Gridley's shares at a "lot price" at the time of her death, and would then be able to give David Pickard a holding in the firm after the shares had been "diluted" in value.

Goal: "Security"

Sinclair said:

"I get any shares that come up for sale at well below full value. I get them at the latest probate valuation which makes them cheap. Though it looks as if I'm putting money into printing, I'm also buying a stake in the firm's investment portfolio and a valuable freehold premises."

Goal: "Independence"

Sinclair said:

"This is a personal and not a business policy decision. I want a controlling interest. I don't like to think of myself as a custodian for other people's money. I have a controlling interest with the aid of my sister already, but will go on buying until I'm independent on my own. I may have a controlling interest now - I'm not sure."

Sinclair said that, though he had no children of his own, the desire to "leave something to posterity" remained. He said that he would probably set up a trust for his nieces and nephews when he retired.

Goal: "Achieving Recognition In The Field Of Management"

The principal change from the ordering of entrepreneurial goals stated previously was the entrepreneur's omission of the goal of 'Achieving Recognition In The Field Of Management'. Sinclair said:

"I'm not a Donald Stokes now and am never likely to be. I shall never manage a public company because I can't see a period of sustained growth in the future of the firm that would show enough potential to attract capital. If I were twenty years younger, with the firm as it is now, I might be enthusiastic. I might want to expand and go to the city (become a public company). But why bother at my age? It only means losing the rest of your hair and catching for ulcers. It's too much worry and means endless bickering with the unions. In any case, I don't need more money than I've already got, so why should I bother?"

The Future : Work Or Leisure?

By the end of 1969, Sinclair's ordering of goals was essentially as it had been in 1968. However, he said he was finding time available to look for "new ventures to provide a challenge." He said he was considering taking over a family firm of publishers, or alternatively, setting up a small photo setting section in the firm, "technically sophisticated and the best in the field." He said:

"I've got everything I set out to get and now I'm bored. I'm seeking new challenges. I want to get my teeth into something new, and would certainly expand and go public if I were 35 again with the firm as it is now. I'd even be

willing to dilute the equity on one way. But I don't know now. I haven't got the stamina I used to have and I worry a lot these days.

The least set-back with the proposed take-over might be enough to put me off completely. I might just sit tight instead and look for smaller challenges here. I'm spending £10,000 on an extension to the premises already, and I might dabble with advanced film setting. I know that, as a manager, I ought to go for the take-over, but a film-setting unit would keep my interest without killing myself."

Sinclair said there was a tendency for managers to become increasingly conservative in outlook as they grew older, and that this was the case with himself just as it had been with his own father and grandfather (both print entrepreneurs). In March, 1970, he made David Rickard a Director in the company as part of a strategy for maintaining Rickard's continuing interest in the firm. A month later, Sinclair contacted the Industrial and Commercial Finance Corporation (ICFC) to discuss the possibility of their financing the take-over of the small publishing firm Sinclair had in mind (a transaction expected to cost approximately £150,000).

Sinclair said he had a good knowledge of the firm in question - a family firm, which was "short of good top management," and which had just encountered two bad years trading. Sinclair judged this as being the time to buy the firm "cheaply." However, he said that he had no intention of risking his security to get control of the firm by liquidating his share portfolio as part payment.

Sinclair said:

"I don't know where I'm going now - life is no longer before me. My father died when he was less than twenty years older than I am now. I've lived two-thirds of my life, and have to decide what to do with the rest.

If this take-over goes through, I'll find my challenge

from controlling the firm's growth. Otherwise, I will probably begin to take long leaves of 2-3 months at a time - I can afford it."

Sinclair ordered his entrepreneurial goals at this time as follows:

Entrepreneurial Goals At The Time Of Approaching ICFC.

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Economic rewards	19.0
2	Finding an outlet for personal abilities	17.0
3	Security	15.5
4	Achieving recognition in the field of management	13.5
5	Independence	12.0
6	Building something to leave to the son/s	9.5
7	Being able to pick the people you work with	7.0
8	The status associated with being your own boss	5.5

Thus, the goal of, "Achieving Recognition In The Field Of Management" had been upgraded in view of the greater perceived chances of attainment.

Sinclair had never previously borrowed money to finance the firm's operations, and he had made a policy of never even renting equipment or using h.p. credit as a strategy for maintaining his independence. However, in this instance, he saw no alternative but to borrow. The needs of attainment of his entrepreneurial goal of security had previously limited his attainment of his goal of management recognition. Close company legislation formally required that Close Companies should distribute 60 per cent of their net profits. In practice, this ruling is not enforced. Firms are given the right of appeal, and the ruling is revoked if the firm can establish the need for the retention of profits to finance expansion. However, Sinclair's investment portfolio was regarded by the Inland Revenue as a reserve account available

dividend payment, were inadequate to maintain the firm's modern technological standards, let alone finance expansion. Thus, growth, and the accompanying attainment of management recognition, could only have been achieved, at the expense of independence, i.e., by borrowing.

However, talks with ICFC were broken off when the latter made a 10 per cent share option in the firm a condition of any loan. Sinclair then began talks with a bank in order to raise the finance. In the event, the bank had agreed to finance the venture, and Sinclair had approached the firm in question with a view to gaining control. However, after initial negotiations, the firm decided to remain independent.

The Future Of G.S. Gridley And Company Limited

Sinclair remained a bachelor and professed no interest in marriage, but his sister had a 2-year-old daughter and an 8-year-old son. However, he said that he would prefer his nephew to "make his own way in the world" and not to join the firm. Sinclair said:

"I'm very personally involved in this business, and any move I make will have to be a good one for the business. If my nephew came in, he would have to prove himself elsewhere first. On the other hand, if I sold the business, I would first have to feel convinced that it would be good for the business. I might let David run it and form a trust for the children."

As far as the immediate future of the firm was concerned, the interaction between personal motivation and external events continued. Sinclair continued to feel uncertain about the exact course of his own career. He said at the end of the research project:

"If I stumble across another firm I'd like to take-over, I might make a bid. Otherwise, I might just consolidate and try to modernize the existing firm even further. Or, I might just start to take life easy. I make different decisions each

day depending on my mood on the day. If I get out of bed on the wrong side, and people on the shop-floor are moaning, I feel like taking the easy way out. But, on other days, everything looks sunny, and I see things differently. All these things are frightfully emotional."

Conditions Of Any Future Sale Of The Firm

The entrepreneur said that, in order to entice him to sell the firm, a would-be acquirer would have to offer a price of at least 50 per cent in excess of the current market value of the firm. However, he said that, subsequently, he would have no interest in continuing to run the firm:

"I feel a great personal attachment to this business. If I sold it, it would have to be a pretty inflated price, but I wouldn't want to continue managing it because a lot of the attachment would have gone. I would still like to think it was being well run though."

In fact, Sinclair said that he would be loath to sell the firm, even at 50 per cent above current market value, unless he considered that it was likely to be competently managed by the subsequent owner or owners. Further, he said that, in the event of selling the business, he would not, of necessity be obliged to seek a further lucrative work role, and would "buy a farm and farm it with a manager."

3.4.2. DAVID PICKARD

Within weeks of joining the firm in 1968, Pickard ordered his goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	20.0
2	Building something to leave to the son/s	17.5
3	Achieving recognition in the field of management	16.5

5	Economic rewards	12.5
6	Independence	10.5
7	"Status on the shop-floor"	8.0
8	Being able to pick the people you work with	3.5

Goal 1: "Security"

Pickard said that his security lay in his market value as a print manager. He said:

"John Sinclair has got security through ownership of property and money in the bank. The only way I can get it is through experience as a manager which will give me a good market value. My appointment here shows that I'm achieving that."

Goal 2: "Building Something To Leave To The Son/s"

Pickard said that this goal was important for him because he was hopeful that his children would have opportunities made available to them that had not been made available to himself during his childhood. He said that, because his parents had not been very well-off financially, "certain doors" had "always been shut" to him. He said that education was the most marked instance of this, and that he wanted to ensure the opportunity of a good education for his children even if he had to pay for it himself.

Goal 3: "Achieving Recognition In The Field Of Management"

Pickard said that this was one of his principal goals and had been partly instrumental in structuring his decision to join the firm. At an operational level, he said that two reasons for his joining the firm, both entirely consistent with the attainment of this goal, were:

- (1) that the firm had a very modern technology which would extend his technical competence.

(2) but the size of the firm was the largest he considered he could manage with his previous experience, and thus he would be able to make full use of this experience without being "over-adventurous."

Goal 4: "Finding An Outlet For Personal Abilities"

Pickard said that this had been another important goal structuring his decision to join G.S.Gridley & Company Limited. He said:

"The firm was very backward in management techniques which presented a great challenge."

Goal 5: "Economic Rewards"

Pickard said that this goal wasn't valued very highly at this time because his salary attainment was already quite substantially in excess of his previous expectations.

Goal 6: "Independence"

Pickard said that he valued independence but that he put a limited value on it in the employment situation because the amount of independence he experienced would automatically be decided by a superior.

Goal 7: "Status On The Shop-Floor"

Pickard said that his status on the shop-floor, as an intrinsic work satisfaction, was valued and had increased in its attainment as a result of his move to G.S.Gridley & Company Limited.

Goal 8: "Being Able To Pick The People You Work With"

Pickard said that this goal was limited in the extent of its possible attainment. He said:

"John Sinclair picked me for this job and made me an offer I would have found difficult to refuse. I like John and I know that, strictly speaking, I could have turned the

successful as a manager, I'd have had even less choice in selecting a firm to work for but, nonetheless, John Sinclair still picked me rather than the other way around. Also, it's true that I can select which shop-floor workers I take on as replacements for people who leave but, there again, our turnover rate is less than 10 per cent a year and so I'm really stuck with John Sinclair's men and some of them - particularly the overseers - are men who can't really do their jobs properly and create endless problems and headaches for me."

Near the end of the current research project in 1970, Pickard ordered his goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Achieving recognition in the field of management	10.5
2	Building something to leave to the son/s	17.0
3	Security	15.5
4	Economic rewards	14.0
5	Finding an outlet for personal abilities	12.0
6	Independence	11.0
7	"Status on the shop-floor"	9.5
8	Being able to pick the people you work with	8.0

The principal changes in Pickard's entrepreneurial goals during the two-year period 1968-70, were the upgrading of the goals of 'Management Recognition' and 'Economic Rewards' respectively. Over this period, he had been made a director of G.S.Gridley & Company Limited. This, he said, had increased his prestige as a manager outside the firm. In particular, he gave the example of his increased prestige within the British Federation of Master Printers. He said that he hoped the firm would continue to expand and possibly eventually become a public company which would facilitate an even

"John knows I'm getting this firm buttoned, and will want more to go at in the long term."

The goal of 'Economic Rewards' had been upgraded however, despite the fact that, during the two-year period, his salary had risen from £2,500 p.a. to £3,000 p.a. and he had been supplied with a car. He said that, partly as a result of this increase, money had become more valuable to him. Because of his initially high salary of £2,500 p.a., he had taken on a large mortgage, and aspired towards educating his children privately, which had increased both his existing and future financial commitments.

In addition, Richard said that his degree of attainment of the goal of 'Economic Rewards' was undermining his potential independence. He said:

"By paying me such a high salary, John Sinclair has priced me out of the market - I couldn't change my job now without taking a drop in salary."

In addition, there had been a decline in the value associated with the goal of security. Richard said:

"There isn't much security in management. I feel more secure since I've been made a director in the firm but, it doesn't matter how high you get, you can still be chopped. I know that, if I made a few real bad mistakes, I'd probably be out. In a public company, you have both this fear and the threat of take-overs. I feel more secure than I would almost anywhere else, and that's why I don't value economic rewards more highly than I do. If I felt less secure, I'd want to earn as much money as possible while I could."

3.4.3. ENTREPRENEURIAL MANAGERS

MICHAEL SIMON (OFFERING IDE)

Simon ordered his entrepreneurial goals as follows:

1	Security	10.0
2	Economic rewards	16.5
3	Finding an outlet for personal abilities	15.0
4	Independence	13.0
5	Achieving recognition in the field of management	9.0
6	Being able to pick the people you work with	4.5
-	The status associated with being your own boss	0.0
-	Building something to leave to the son/s	0.0

HARVEY JAMES (PRINT MACHINE ROOM)

James ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	19.5
2	Security	13.5
3	Being able to pick the people you work with	14.5
4	Finding an outlet for personal abilities	10.0
5	Independence	5.5
6	Achieving recognition in the field of management	3.5
-	The status associated with being your own boss	0.0
-	Building something to leave to the son/s	0.0

PETER BARLOW (BENDERY)

Barlow ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	20.0
2	Economic rewards	19.5
3	Finding an outlet for personal abilities	13.5
4	Being able to pick the people you work with	15.5

All 3 overseer managers had claimed that the firm had exceptionally high wages. All 3 of them were earning between \$2,750 p.c. and \$2,900 p.c. and claimed to be "living up to it." Thus, economic rewards were highly valued by all 3 managers. In addition, all 3 respondents had omitted to claim the goals of 'status' and 'building something to leave to the son/s' on account of the goals being perceived as being unattainable.

Simon claimed to value the goal of management recognition at a higher level than either of his colleagues. However, Richard said that Simon considered himself senior to James and Darlow both because he had responsibility for more subordinates than either of the other two, and also on the grounds of seniority.

Darlow, unlike his 2 colleagues, omitted to claim independence as a goal and justified his response by claiming that he did not experience gratification of this goal. In addition, he claimed to have interpreted Richard's appointment as an indication of Sinclair's dissatisfaction with the previously existing management (himself included), and had thus seen his security challenged. Like Simon, he was a middle-aged man with probably limited employment opportunities outside the firm. As a result, he had valued management recognition at a low value, and security, a goal which he saw as being challenged, was valued highly.

James's ordering of his entrepreneurial goals appeared to have been influenced by his recent promotion from the shop-floor. Thus, the goal of 'Being able to pick the people you work with' was valued quite highly, and the goal of 'Achieving recognition in the field of management' was valued.

9.5. ORGANISATIONAL GOALS

9.5.1. JOHN SIMON 1971

Sinclair was asked to state the firm's goals corresponding to three different points in time. Each completion of the questionnaire exercise was

<u>Organizational Goal</u>	<u>1957</u>	<u>1964</u>	<u>1970</u>
To make a profit as a return on capital invested in the firm.	17.0	19.0	19.5
To provide employment for the owner/s.	18.5	18.5	12.5
To provide the market with goods and services	9.0	4.5	3.5
To provide employment for employees	8.5	1.0	1.5

Goal 1: To Make A Profit On Capital Invested In The Firm

Sinclair said:

"This business was set up to make a profit and still exists for that purpose. The decision to be in printing is only secondary. If the money (profit) went out of printing, I would withdraw the capital and put it elsewhere. I would look initially for another field of printing because we have a knowledge of printing, and we have some loyalty towards our employees. Otherwise, we would pack up printing altogether."

At a subsequent meeting, Sinclair said:

"We are in business for one purpose and one purpose only - to make a profit - a return on capital - that's the reason people put money into business. If we were ever doing no better than breaking even, and didn't look like doing any better over the next two or three years, I would wind up the company and put the money elsewhere."

Goal 2: To Provide Employment For The Owner/s

Sinclair said that this goal had been declining in value over the period of his managing directorship. This appeared to have applied particularly since the attainment of the 'managerial type' entrepreneurial goal of security in 1964.

Sinclair attributed a relatively low value to this as a goal but said it applied because it was, "the firm's bread and butter - our means to an end," and that, if the demand for the firm's product declined, it would have serious consequences for the firm.

Goal 4: Providing Employment For Employees

Sinclair said that the above only marginally qualified as an organizational goal. He said:

"That doesn't mean I'm oblivious to the interests of employees - it doesn't pay to be - a stable and loyal staff is a necessary basis for operations."

PROFIT (Appendix I, Q.11)

(i) Function of Management

Sinclair defined the function of management in terms of questionnaire alternative (a), i.e., profit maximization. He said:

"The function of management is to earn a maximum return on money invested - it is the sole purpose of management. We don't print and HOPE to earn a return (profit). We print IN ORDER TO make a return (profit). If this return should be seen to falter, I conceive it the duty of management to review the situation and form a judgement as to whether to continue in print or not. It is not the function of management to pursue a given product line in a declining market."

(ii) Policy on Profits

Sinclair selected questionnaire alternative (a) to describe his policy on profits, i.e., he claimed to pursue a policy of profit maximization in practice.

(iii) Determination of an Acceptable Level of Profit

Donald Sinclair (Sr) had made a relatively low profit return on capital employed: 3-4 per cent. However, John Sinclair, on becoming Managing Director, had invested the firm's liquid capital reserves in new equipment, and re-invested all profits in order to modernize the firm. In 1957, the capital employed in the firm had been approximately £100,000, and the firm's profits had been running at between 4 and 6 per cent on capital employed. However, by 1968, the capital employed in the firm was £197,000, and profits on capital employed had reached a level of 28.6 per cent before deductions for directors' emoluments.

Sinclair said:

"I've always regarded profitability as a race, with rate of return (on capital employed) as the runner, and the factors 'a', 'b' and 'c' (see questionnaire) as distance markers. I always aimed finally for 'c' (getting a good return by the standards of industry as a whole), but used 'a' and 'b' as progress markers. I took the firm over when it was making under six per cent return (on capital employed), and set about getting it up to around ten per cent which is about typical for the industry as a whole (movement from 'a' to 'b'). Then I aimed at twenty (per cent) which I rated a good profit for any firm to make (movement from 'b' to 'c'). I'm at that now, and won't get much higher in these premises (no room for expansion) unless I sell the freehold and rent it back."

(iv) Justification of Profit

Sinclair said he saw no single absolute justification for profit and that the justification varied with size of profit. He considered the degree of risk in business was small and wasn't a legitimate justification of profit. He said that a profit of 10 per cent on capital employed was justified as a reward for providing the market with goods and services and employment for employees, and that any profit in excess of 10 per cent return

good running."

The firm during the years for which financial results were available, had made an average pre-tax profit of 23 per cent on capital employed. Apportioning this figure to the respective justifications for profit, in accordance with importance attached to them by the entrepreneur, the main justification was questionnaire alternative (a), i.e., a just reward for the efforts and endeavours of the owner-manager. (I.F.)

PRICING

Sinclair said in 1970 that he had not re-priced any jobs since devaluation. He said he thought he ought to have done, however, and that the market "would have taken higher prices."

He said that he took three main factors into account when pricing:-

- (1) the timing and size of the previous price increase.
- (2) variations in job content since the previous pricing.
- (3) how much the customer could stand: "I want my customers to survive - I need that for growth."

In pricing decisions, Sinclair said he kept in mind the fact that he wanted a 20 per cent pre-tax profit on capital employed. He said:

"That's probably not the right way to go about pricing, but it's what I do."

He said he derived the figure of 20 per cent by calculating the needs of shareholders and the re-investment needs of the firm. He said that 20 per cent profit left about twelve per cent after tax, and that this left 6-7 per cent after re-investment, which he considered a "fair" return.

Sinclair said that, in calculating a fair return, he looked at industry generally, and not at the printing industry in isolation. He said:

"Business is an investment not an occupation. You don't have to put your money where you work. You may be

willing to cut your return to be self-employed -
but by how much?"

A further indication that Sinclair was not maximizing his income from his customers was given when, at a meeting in March, 1970, on the problems confronting the firm, he said:

"No major ones (i.e. problems) at the moment. Profit margins are a bit tough, but that's my fault for not reviewing prices for so long - haven't touched them since devaluation."

In 1968, the firm began production of 2 commodity price papers which had initially caused technical and administrative problems. However, some months later, Sinclair said:

"The papers have settled down production-wise, but I don't know if we're making a profit on them. It's difficult to isolate costs - you need complex paperwork systems for that. We run it more by feel. Anyway, there's more work in these papers than I thought and it's a close thing."

3.5.2. DAVID RICKARD

Rickard ordered the firm's goals, as he had perceived them, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the organization	20.0
2	To provide the market with goods and services	15.5
3	To provide employment for the owners	14.5
4	To provide employment for employees	14.0

Rickard said he rated profit as the firm's principal goal because that was "what it existed for." Also, he said, to operate at a profit was

a condition of survival. He rated the provision of goods and services to the market as the firm's second goal, he said, because it was "the only way" to make profit (i.e., a means goal). He said that he didn't think the provision of employment for John Sinclair was a very important goal, because Sinclair had an invested income off which he could live. Otherwise, he said, he would have rated it higher.

PROFIT (Appendix I.G.II)

(i) Function Of Management

Pickard defined the function of management in terms of questionnaire alternative, (a), i.e., profit maximization. He said:

"Management as a profession is concerned with co-ordinating men, machines and materials in order to make a profit. If you make a profit, you're recognised to be functioning as a good manager and you go to the top. If you make a loss, you're considered to be functioning badly and you're on the down trend."

(ii) Policy On Profits

Pickard selected questionnaire alternative (a) to describe his policy on profits, i.e., he claimed to pursue a policy of profit maximization. He said:

"An owner-manager can decide between profit and other things if he wants to, and people can understand that but, with a professional manager, you're expected to produce profits and no excuses. I mean, an owner-manager could explain away a meagre profit by saying that he had turned out a quality job - better than needsbe- for his own self-satisfaction and peace of mind, and the world thinks he's great. That's the sort of thing you get an O.B.E. for if the right people get to know. But, if a professional manager tried to explain away a low profit in the same manner, can you see him ever getting another

of our function - profit generators - not as individuals who can pick and choose their priorities."

(iii) Determination Of An Acceptable Level Of Profits

Richard selected parameters (b) and (c) in that order as criteria for the determination of an acceptable level of profit. He said:

"That's what I get judged on. Inside the firm, John Sinclair compares current profits with previous profits and, outside the firm, my B.F.M.I. friends compare our profits with other firms' profits in the industry."

(iv) Justification Of Profit

Richard selected questionnaire alternative (b), i.e. I.T.C.I., as a justification for profit.

PRICING

Richard had had no influence over pricing decisions, and anticipated this as being an area of the firm's functioning in which Sinclair would be training him in the future.

S.S.S. ORGANISATIONAL GOALS

MICHAEL SIMON (COMPOSING ROOM)

Simon ordered the firm's goals as follows:

<u>Order</u>	<u>Organisational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	20.0
2	To provide the market with goods and services	14.0
3	To provide employment for the owner/s	1.5
-	To provide employment for the employees	0.0

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	18.5
2	To provide employment for the owner/s	18.5
3	To provide the market with goods and services	5.0
4	To provide employment for the employees	0.5

PETER BARLOW (BINDERBY)

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	20.0
2	To provide the market with goods and services	14.0
3	To provide employment for the owner/s	6.5
-	To provide employment for the employees	0.0

The managers justified their lowly placing of the goal of 'providing employment for the owner/s' in terms of their perceptions of Sinclair's economic independence of the firm. All 3 had considered that Sinclair had no economic necessity to remain in business.

3.6. LEADERSHIP AND DECISION-MAKING

STRATEGIC DECISION-MAKING

No formal meetings were held in this firm, and even Annual General Meetings were not convened. Until 1970, Sinclair had been the only working director in the firm, holding the titles of Chairman, Company Secretary, and Managing Director.

The author classified 4 of the entrepreneur's decisions as strategic decisions:

1950's.

- (2) The decision to sell off a major asset - the firm's local newspaper - in 1964.
- (3) The decision to appoint a professional manager in 1968.
- (4) The decision to raise a loan of £150,000 and make an offer for control of another printing firm, in 1970.

The entrepreneur claimed to have made all of these decisions in isolation without prior reference to shareholders or subordinates. He said:

"When I get an idea, I like to move on it. I don't like friggng about in committees. I like to be able to do things in my own way."

After Pickard's appointment as General Manager, Sinclair was asked which leadership style he had characteristically adopted in dealings with him. Sinclair said:

"I would like to think it was consultative, but it may well be that I make up my own mind and enforce my will by power of argument."

In corroboration, Pickard said:

"John doesn't like to be bothered with mundane decisions because they bore him. That's why he used to allow the shop floor (workers) so much leaway. But, on important decisions, he does definitely use an autocratic or persuasive style - it's John that makes the big decisions, but it's his firm anyway."

ADMINISTRATIVE DECISION-MAKING

At the administrative level, the entrepreneur's decision-making appeared, overall, to be more democratic.

Pricing: Here the entrepreneur used an autocratic leadership style based on his own estimates of material costs and his self-defined acceptable level of profits.

Selling: selling had remained the sole authority of the entrepreneur. The nature of the firm's work - contract work - meant that there was no continuous selling function to be performed and only occasional changes were made in the identity of magazines printed. In justification, the entrepreneur claimed to know better than anyone else in the firm the nature of the work the firm was suited to produce.

Buying: here the entrepreneur had used a totally democratic leadership style in delegating authority to his overseers for the purchase of less costly materials such as printing inks etc., prior to the recruitment of David Pickard, General Manager. However, Pickard, on his appointment, had assumed this authority himself. Pickard confirmed the complete authority of overseers in buying prior to his own recruitment and also their use of an "unusually large" number of suppliers in order to "maximize perks" (lunches from suppliers representatives). However, expensive materials, e.g. paper, had always been purchased by Sinclair himself.

Production Control

Within the limits of established production schedules laid down by the entrepreneur, the overseers had possessed almost complete decentralized authority prior to the appointment of David Pickard.

Payment

Employees had been paid on hourly rates and had regulated their own over-time working prior to Pickard's appointment, when authority for setting rates and allocating over-time had rested with Pickard, after upward consultation with Sinclair.

COMMUNICATIONAL DECISION-MAKING

Pickard and all three of the firm's overseers were agreed that the entrepreneur had used a consultative leadership style in communicational

to a conclusion.

Pickard said:

"I see him (Sinclair) about mid-morning, after I've done a round of the factory, and we discuss day-to-day running problems. He has the last word but I'm at liberty to express my own views first" (consultative style).

Entrepreneurial Leadership Styles As Perceived By The Firm's Overseer Managers

Two of the firm's overseer managers, Simon and James, had perceived the entrepreneur's leadership style as being autocratic, whilst Barlow had considered it to be persuasive. However, all 3 had considered Pickard's style of leadership to approximate to the consultative style outlined in the questionnaire (Appendix 1. 0.6).

3.7. JOB SATISFACTION (Appendix 1, 0.7.)

3.7.1 JOHN SINCLAIR

Sinclair said that his level of job satisfaction was HIGH and would be VERY HIGH if the Government's Close Company legislation were abolished. He regarded the latter as "a totally unwarranted interference in business."

In the firm's 1968 financial report filed in Companies House, Sinclair, as Chairman, had criticised the "restrictions" of the 1965 Finance Act, "at a time when the industry is facing it's most far-reaching technological changes since Caxton." He said that directors ought to be given complete discretion on the retention of profits to finance the purchase of new technical equipment. In that year, the firm had initially paid it's usual dividend of 6% on Preference Shares, and 20% on Ordinary and Founders Shares, but was later obliged to pay a further 70% on the latter, resulting in a total dividend payment of £16,134 against £6,784 for the previous year.

Sinclair claimed that his level of job satisfaction while in the Army had been MODERATE TO HIGH.

3.7.2. DAVID PICKARD

Pickard selected questionnaire alternative (6), i.e., HIGH. He said:

"I have everything I want at this point in time, but not everything I shall want in the future. I'll say very high if I'm still satisfied in ten years time."

3.7.3. THE FIRM'S OVERSEER MANAGERS

<u>Manager</u>	<u>Level of Job Satisfaction Claimed</u>
Simon (Comp Room)	HIGH (6)
James (Print Machine Room)	VERY HIGH (7)
Barlow (Bindery)	MODERATE TO HIGH (5)

However, Barlow said that, prior to the appointment of David Pickard, his experienced level of job satisfaction had been VERY HIGH. He said that he interpreted Pickard's appointment as a token gesture of dissatisfaction with the performance of the existing managers (overseers), and thus saw his own security as being challenged.

3.8. ROLE TIME INTENSITIVITY

3.8.1 JOHN SINCLAIR

1957: Sinclair claimed that, at the time of becoming Managing Director (and also Chairman and Company Secretary), in 1957, the length of his typical working week had been from 8.30 a.m. to 6.0 p.m., with working lunches, Monday to Friday = 47.5 hours per week, with 2 weeks annual holiday.

(Pickard) with responsibility for day-to-day decisions on the shop floor, his typical working week was 9.0 a.m. to 5.0 p.m., with working lunches, Monday to Friday = 42.5 hours, with a minimum of 4 weeks annual holiday.

3.8.2. DAVID PICKARD

Pickard claimed that his average working week was 7.30 a.m. to 6.0 p.m., Monday to Friday = 52.5 hours with 3 weeks annual holiday.

3.8.3. SIMON/JAMES/BARLOW

All 3 of the firm's overseer managers worked from 8.0 a.m. to 5.0 p.m., Monday to Friday, with non-working lunches. In addition, all 3 overseers were "on call" during nights and weekends. However, such calls appeared to be almost non-existent. Total average working week = 40 hours with 3 weeks annual holiday.

3.9. BUSINESS IDEOLOGY

3.9.1. JOHN SINCLAIR

Sinclair's replies to Nichols's Forced-Choice Questionnaire (Appendix 1. 0.9.) were as follows:

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Laissez-Faire (LF)
Purpose	Laissez-Faire (LF)
Information	Laissez-Faire (LF)
Public Life	Long-Term Company Interest (LTCI).

PROFIT (Appendix 1. 0.11)

- (v) Justification of profit:
- (a) A JUST REWARD FOR THE EFFORTS AND ENDEAVOURS OF THE OWNER-MANAGER
(L.F.)

Relations With Employees (Appendix 1. 0.12)

- (i) Employees relationship with the firms:
 - (a) CONTRACTUAL (L.F.)
- (ii) Dependence of the local labour market on the firm for employment:
 - (c) MINIMAL
- (iii) Expansion In An Industrial Development Area:
 - (a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)
- (iv) Policy on Firing in a Development Area:
 - (c) LESS RELUCTANT TO DISMISS PERSONNEL. (L.F.)

Relations With Customers (Appendix 1. 0.13)

Relations With Customers (Appendix 1. 0.13).

- (i) Policy on finding a more rewarding outlet for capital employed:
 - (b) DISCUSS THE SITUATION WITH CUSTOMERS (L.T.C.I.)
- (ii) Dependence of customers on the firms:
 - (d) NOT VERY DEPENDENT

Relations With National Government (Appendix 1. 0.14.)

Role of Government in Industry:

- (a) NON-INTERFERENCE (L.F.)

Relations With Employers Organizations (Appendix 1. 0.15.)

Co-operation through employers organizations:

- (b) MUTUALLY USEFUL (L.T.C.I.)

Pickard's replies to Nichols's Forced-Choice Questionnaire were as follows:

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Long-Term-Company-Interest (LTCI)
Purpose	Long-Term-Company-Interest (LTCI)
Information	Long-Term-Company-Interest (LTCI)
Public Life	Long-Term-Company-Interest (LTCI)

Profit (Appendix I. 0.11)

- (v) Justification of profit:
- (b) A REWARD FOR THE SURVIVAL OF THE FIRM IN THE FACE OF THE RISKS AND UNCERTAINTIES FACING BUSINESS FIRMS (LTCI)

Relations With Employees (Appendix I. 0.12.)

- (i) Employees relationship with the firm:
- (b) MUTUAL BENEFIT (LTCI)
- (ii) Dependence of the local labour market on the firm for employment:
- (c) MINIMAL
- (iii) Expansion In An Industrial Development Area:
- (a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)
- (iv) Policy on Firing in a Development Area:
- (b) MUTUAL BENEFIT (LTCI)

Relations With Customers (Appendix I. 0.13).

- (i) Policy on finding a more rewarding outlet for capital employed:
- (b) DISCUSS THE SITUATION WITH CUSTOMERS (LTCI)

(ii) Dependence of customers on the firm:

(d) NOT VERY DEPENDENT

Relations With National Government (Appendix I. 0.14.)

Role of Government in Industry:

(b) TO CREATE AREAS OF CERTAINTY IN THE ECONOMY FOR BUSINESS (LTCI)

Relations With Employers Organizations (Appendix I. 0.15)

Co-operation through employers organizations:

(b) MUTUALLY USEFUL (LTCI)

3.9.3. MICHAEL SIMON

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Social Responsibility
Purpose	Long-Term-Company-Interest
Information	Long-Term-Company-Interest
Public Life	Laissez-Faire

3.9.4. HARRY JAMES

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Long-Term-Company-Interest
Purpose	Long-Term-Company-Interest
Information	Long-Term-Company-Interest
Public Life	Laissez-Faire

3.9.5. PETER BARKOW

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Social Responsibility
Purpose	Long-Term-Company-Interest

3.10. ENVIRONMENTAL CONTROL

3.10.1. LABOUR SUB-ENVIRONMENT

Labour turnover and absenteeism in this firm were relatively low and little difficulty was experienced in recruiting labour, with the sole exception of female workers in the firm's bindery section:

During a visit by the researcher to this firm in May, 1968, Sinclair had said:

"The labour situation is, overall, quite reasonable. When we need people, we don't always even need to advertise - sometimes the buzz goes round and people just apply. Sometimes people just 'phone on spec, anyway. Lately I have taken on five printers and didn't have to advertise at all."

He continued:

"I don't take on just anyone that applies. I do turn people down. I would go without rather than take a man I didn't want to employ. It's difficult to judge a man though before-hand. You can't ring his employer for a reference because you're poaching him. If you're stuck for a man, you can always ring the union and they'll send you someone. I don't do this very often because I like to pick my own men - not have them picked for me."

At an earlier interview, Sinclair had described the labour situation as "reasonable." On that occasion, he had said:

"We have a Joint Industrial Council and a competitive examination to get into the industry. We have to get boys who will pass as there is no reservoir of print labour in this area. We do get some adults, but about fifty per cent of present workers were trained here - worked here man and boy."

"As far as labour relations are concerned, you get what you deserve. It's not smart canteens that keep workers at a firm - we have no canteen - it's good management - making the workers feel involved. I encourage a teamwork outlook to achieve this."

However, Sinclair said he experienced difficulties in recruiting female labour:

"We can't get women at any price, and could nearly always use a couple more than we have. Female workers in the bindery can earn £14 per week for five days and one evening's work, which is better than any shop could offer. I attribute our predicament to the class of the district. The job is associated with manual work - there's a stigma - yet it would be better than shop work."

Turnover and Absenteeism

No records of labour turnover and absenteeism had been kept by the firm prior to the appointment of David Pickard, General Manager, in 1968. Prior to that date, the entrepreneur had claimed the firm's annual rate of labour turnover to be "less than 5 per cent." However, he had possessed no conception of the rate typical of the industry as a whole.

However, though records were initially not in evidence prior to 1968, the entrepreneur had taken some considerable trouble to identify from memory, all leavers during 1966 and 1967:

LABOUR TURNOVER	MALE	FEMALE	TOTAL
<u>1966</u>			
Workforce Size	79	16	95
Labour Turnover	5	3	8
Percentage Turnover	6.3	18.7	8.4

LABOUR TURNOVER	MALE	FEMALE	TOTAL
<u>1967</u>			
Workforce Size	79	16	95
Labour Turnover	6	10	16
Percentage Turnover	7.6	62.5	16.8

Sinclair said that labour turnover during 1967 had been unusually high, and that the turnover figure for 1966 was more typical for the firm. He said that the male leavers during 1967 had only left due to their intentions to leave the London area and, in some cases, to leave the country. Of the women leavers, 4 had been long-serving bindery workers with between 5 and 12 years service in each case. The remaining 6 had been intended replacements who hadn't liked the job and had stayed for only a matter of weeks.

When Pickard joined the firm in 1968, he began to keep records of labour turnover (including figures for 1968), and turnover in the years 1968, 1969 and 1970 was as follows:

LABOUR TURNOVER	MALE	FEMALE	TOTAL
<u>1968</u>			
Workforce Size	81	16	97
Labour Turnover	8	5	13
Percentage Turnover	9.9	31.2	13.4

<u>LABOUR TURNOVER</u>	<u>MALE</u>	<u>FEMALE</u>	<u>TOTAL</u>
<u>1969</u>			
Workforce Size	82	18	100
Labour Turnover	7	2	9
Percentage Turnover	8.5	11.0	9.0
<u>1970</u>			
Workforce Size	84	19	103
Labour Turnover	7	2	9
Percentage Turnover	8.3	10.5	8.7

Thus, the firm's average labour turnover, during the five-year period 1966-70, was as follows:

<u>MALE</u>	<u>FEMALE</u>	<u>TOTAL</u>
8.1 per cent	26.8 per cent	11.3 per cent

The level of absenteeism in the firm was described by the entrepreneur as being "nil." Again, no records had been kept prior to 1968. Sinclair said:

"I don't allow absenteeism - I can't - teamwork is essential. Blokes can get time off if they convince me that they have a legitimate personal problem. Otherwise, two or three times absent and they would be out."

The entrepreneur said that the reasons why absenteeism was low were as follows:

(2) because workers knew that he would notice their absence and would take exception to it.

(3) because other people were reliant upon them and their absence imposed a burden on those other people.

However, when David Pickard joined the firm as General Manager, he had compiled statistics on the firm's rate of absenteeism and found it to be approximately 2 per cent.

Unionization

The firm was a fully unionized closed shop and had been, the entrepreneur said, for at least half a century. He considered that trade unions, "merely re-act to good or bad management respectively." Thus, he claimed, "good management has little to fear from them."

Working Conditions

The firm's premises were clean and appeared modern and well laid out. Employees were allowed to decorate areas of the premises near their respective work-places with personal pictures. There was no canteen provided. However, there were twelve telephones on the shop floor in order to facilitate direct contact between customers and printers working on specific publications and employees were, within reason, allowed to use the telephones for their own personal use.

Employees appeared to have reason to experience a fairly high degree of job satisfaction. Individual workers and groups of workers were concerned primarily with specific publications. They were able to identify their labours with a finished product, and were in direct contact with the customer concerned. There was relatively little supervision. This situation was borne

out by Sinclair's statement prior to the recruitment of Pickard:

"Here we trust a man to do a job rather than employ another man to breathe down his neck - you can do that in print anyway."

He had said in 1967: "I walk around the place three or four times a day and any man can see me on any issue." Further, he said that, due to the decentralized form of control, there had been little control over the amount of overtime worked. In fact it had been almost self-regulated by the workers. He said that the firm paid good wages anyway, and that overtime working increased wages even further. After David Pickard had joined the firm, Sinclair had kept away from the shop-floor, and there had been more control over overtime working. However, the essential benefits of the above situation had appeared to remain intact, and Pickard corroborated Sinclair's claim that the firm paid high wages.

3.10.2: WORKFORCE EFFICIENCY SUB-ENVIRONMENT

(a) Administrative Control Systems

The need for administrative control systems in this firm appeared to be considerably less than in most of the other firms studied. The firm's concentration on specialized contract work obviated the need for cost estimating and production scheduling as recurring specialized functions.

Authority within the firm on issues other than those involving strategic decision-making, had been very decentralized, prior to David Pickard's arrival at the firm. This, Pickard claimed, had led to certain inefficiencies both in purchasing and in the control and supervision of working hours.

Purchasing

Pickard said that he had saved the firm money by several of his decisions in this area. He said that the firm had been paying £79.16.0 p.a.

to an out-side body which had cleaned the firm's toilets. Pickard had saved this money by allocating the job to the firm's labourer. Further, he had stopped a firm called 'Phonotest' from cleaning the firm's telephones, and had allocated the job to the firm's receptionist/telephonist.

Pickard said that the firm's buying generally, of all items except paper (which had been purchased by Sinclair), had been "bad and costly." He said that the overseer who bought inks had had no price-lists and so wasn't comparing different firm's prices. Further, he said, this overseer had never investigated the possibilities of bulk-buying - of offering a single supplier a one-year contract in exchange for price reductions. He said:

"I think Salmon (Overseer) has been influenced by reps bribes - lunches and so on - in his buying. That's probably why he's had eight suppliers instead of a sensible three or four."

After a few weeks with the firm, Pickard assumed responsibility for the firm's purchasing and took advantage of both differences in suppliers prices and the benefits of bulk purchases. However, responsibility for purchasing paper - the firm's biggest item of materials expenditure - remained with Sinclair who did compare and contrast the prices of respective suppliers.

Control and Supervision of Working Hours

Soon after joining the firm, Pickard had said that he considered the firm's three overseers to be of relatively little use. He said that, at the time of his joining the firm, none of them had been able to tell him current rates of pay. Only the F.O.C's (Chapel Fathers i.e., Shop Stewards) had been aware of them. He said that they had been over generous in awarding overtime on the grounds that workers would otherwise leave the firm. In fact, Pickard said, wage rates at the firm were high, and so he saw little foundation in this argument.

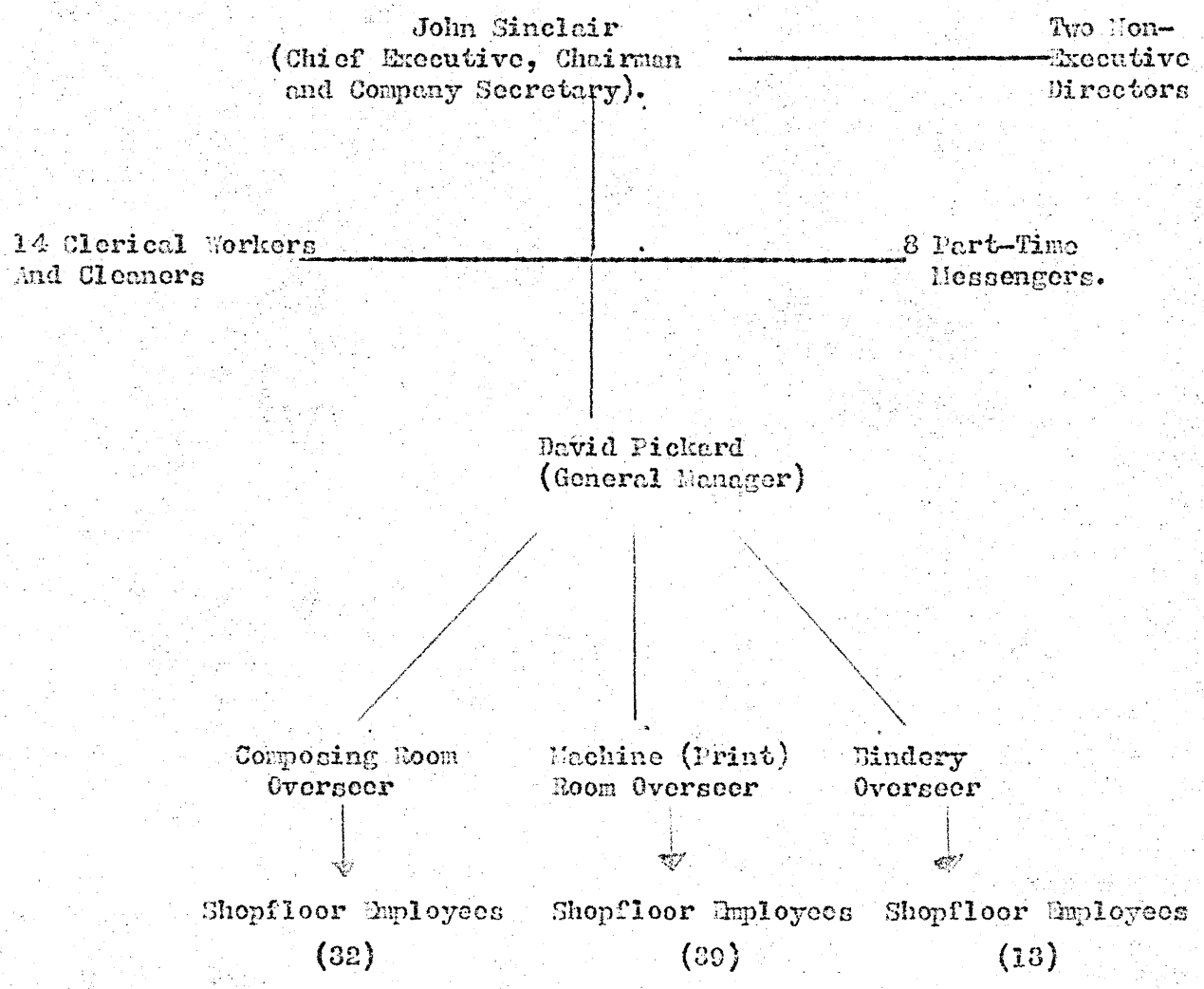
ment; they had failed to maintain proper control over their subordinates, and had become involved in personal vendettas against each other. Also, workers had been allowed to claim double time payment for overtime working after 4 hours continuous overtime, instead of the $4\frac{1}{2}$ hours agreed by the London Master Printers Association.

Pickard said that most of this overtime working had been unnecessary anyway, and he calculated that, in one department alone, the saving from eliminating the last $\frac{1}{2}$ hour of the $4\frac{1}{2}$ hour overtime shifts would be £59 per week or approximately £3,000 p.a. Further, even if the overtime were worked and the last half hour paid at $x\frac{1}{2}$ normal time instead of $x2$, then the saving in that department would still be in the region of £750 p.a.

Further, Pickard said that two of the three departments had been accustomed to clocking-in whilst the third department had not. In addition, he said, the two departments which had clocked-in, had operated different penalty schemes in respect of lateness. However, Pickard said that the overseers were "weak personalities" who had been afraid to make wage deductions from long serving "hard core" workers, and had only usually made the deductions from apprentices. Further, apprentices had been in the practice of claiming skilled workers rates of pay for certain jobs.

In the event, Pickard arranged for the early retirement of one of the overseers and promoted a replacement from the shop-floor. Further, overtime working was reduced; the London Master Printers agreement implemented on overtime working, and a uniform system of time-keeping and penalties for lateness introduced.

The firm's workforce structure was as follows:



WORKFORCE STRUCTURE

OCCUPATIONAL CATEGORY	MALE	FEMALE	TOTAL
ADMINISTRATIVE CATEGORIES			
(1) Management & Supervision	(4) 5	(0) 0	(4) 5
(2) Professionals	(0) 0	(0) 0	(0) 0
(3) Clerks	(0) 0	(12) 14	(12) 14
PRODUCTIVE CATEGORIES			
(1) Craftsmen	(67) 70	(0) 0	(67) 70
(2) Operatives	(7) 9	(4) 5	(11) 14
(3) Labourers	(3) 4	(0) 0	(3) 4
	(81) 88	(16) 19	(97) 107

= 17.7 (16.5)* per cent

(* all figures in brackets relate to 1966)

The firm's low ratio of administrative to production workers appeared to be explained by three factors:

- (1) the recurring contract nature of the firm's work, which eliminated the need for a salesforce and minimized the firm's production supervision needs;
- (2) the firm's organic organization structure. Organizational functions such as sales and purchasing were administered by the firm's line management rather than by off-line staff. Further, other functions such as costing, estimating, and stock control, etc, appeared not to be required in any major form, due to the recurring cycle of identical work. Thus, certain staff functions were performed by line management, and other staff functions, which required specialist staff in most other firms, only occurred in minor form here.
- (3) the firm's optimal size. The entrepreneur said that the firm's admin/production worker ratio had reached an optimal value, but that a relatively small increase in size would have necessitated a relatively large increase in the admin/productive worker ratio. In fact, the entrepreneur said that, because of this, he would prefer to expand by building a second small firm rather than expand the existing firm: "We are operating on the scale of a medium-sized firm with the overhead costs of a small firm."

3.10.3. EXTERNAL AIDS SUB-ENVIRONMENT

Limited use appeared to be made of external aids by this firm. Banks had traditionally not been used as sources of credit, nor had hire purchase facilities been used for the acquisition of equipment. These decisions appeared to have been structured by the entrepreneur's quest for independence.

(PIRA), but had never used consultants. On the latter point, the entrepreneur had said:

"I prefer to run my own firm in my own way. I don't want consultants interfering with the way I do things."

However, the firm did subscribe to the British Federation of Master Printers, and the entrepreneur attended its conferences and read its publications.

Towards the end of the research, the entrepreneur made an application to I.C.F.C. for a financial loan to enable the firm to make an offer for control of another printing firm, but broke off talks when I.C.F.C. made a share option a condition of any loan. However, he then approached a bank and had agreed a loan of £150,000 before the intended take-over had fallen through.

External Aids Used:

- (i) To Sales :
- (a) Publications printed by other printers were recruited into the firm and considered as possible sources of custom.
 - (b) Samples of the firm's work were offered to possible customers. These usually represented samples of good work in areas where the relevant publications were technically weak in their existing forms.
 - (c) 'In-trade' work was accepted on a limited scale, i.e., work recruited from other firms that wished to sub-contract.

(ii) To Labour Recruitment:

- (a) Used newspapers for advertising jobs.
- (b) Used direct methods of labour recruitment: word of mouth.
- (c) Used trade union organization to recruit labour.

- (a) Used suppliers for information on paper grades, new inks, etc.
- (b) Attended exhibitions of printing machinery in order to command an up-to-date knowledge of printing technology.
- (c) Read Trade Journals.
- (d) Attended conferences, usually organized by the British Federation of Master Printers, on topics such as Industrial Training Grants, Decimalization, etc.

Total Number Of Aids Claimed = 10.

3.10.4. TECHNICAL SUB-ENVIRONMENT

The entrepreneur, his General Manager, and the firm's three overseers, were presented with questionnaire Appendix 1. Q.10, on organizational technology.

Sinclair claimed that the state of the firm's technology was adequately described by questionnaire alternative (7), i.e., "Substantially in advance of that typical of the field." He claimed to be aware of the existence of modern equipment which the firm did not possess, however, but said that all of the firm's printing, composing, and binding equipment was less than 10 years old - a situation which he said was "almost unknown" in the printing field. He added: "We also have all of the modern aids to composition - electrical galley proof presses and the lot."

On a previous visit, Sinclair had said that his firm was technically more advanced than all other firms in the area, and had stated as an example of the firm's modern technology the new electronic calculating key-board which the firm had in use. He had said:

"The suppliers say that it's the only one of it's kind

in use in the whole of the London area. People from the university presses come down here to see our modern equipment in operation."

The firm's General Manager, David Pickard, when presented with the above questionnaire, selected alternative (6) as describing the state of the firm's technology, i.e., "Moderately in advance of that typical of the industry." When told that John Sinclair had selected alternative (7), he said that Sinclair probably sincerely believed this and that he himself was constantly warning Sinclair of the pace of technological change in the industry. He said: "On some things, like electronic keyboards, we're well up in the field but, on other things, we're not so good." He added: "John Sinclair likes to think he's leading the field all the way round but he's not! However, Pickard had previously given the firm's, "modern technology - no single machine more than ten years old" as one of his principal reasons for joining the firm, and continued to rate the firm's technology as being in advance of that of most firm's in the industry.

The overseers from the firm's three departments, printing, composing, and finishing, each completed the questionnaire investigating the state of the firm's technology. All three had chosen alternative (7) in line with the entrepreneur and production manager. However, Simon and James (44 and 24 year service respectively) considered the firm's technology to have been described by situation (4) prior to John Sinclair becoming Managing Director of the firm. Barlow (36 years service) had chosen alternative (3) in this situation.

Allocating marks 7 - 1, in line with the respective choices made, the firm's mean technology quotient was as follows:

$$\begin{aligned} \text{Mean Technology Quotient } \bar{x} &= \frac{\sum n x}{n} = \frac{7.6.7.7.7}{5} = \frac{34}{5} \\ &= \underline{6.8} \end{aligned}$$

(a) Product-Market Situation

Sinclair said that the firm's product-line was, by intention, very narrowly specialized, and referred to an Economic Study into the Printing Industry* which had predicted that only firms with specialized products were likely to have the competitive market strength required to ensure survival in the long term.

The firm specialized in the printing of journals published weekly or more frequently of 10,000 or less circulation, and suited to letterpress printing. Sinclair said that the large bulk of journals fitting this description were trade journals and so this was his main market. He said there were relatively few small consumer magazines, though his firm did publish three:

'Faith'

'Music Magazine'

'Southern Africa
Gazette'.

The entrepreneur said that a concentration on work to which the firm was suited minimized the strains to which the firm was subjected, both internally and in its relations with its external environment.

In accordance with this claim, the entrepreneur negotiated a contract for the production of two commodity price papers, and began their production in June, 1968. He said that the papers were ideally suited to the firm's resources and knowhow: they were short-run publications, they had fixed circulations, the work was similar to work already done on the existing fruit and metal journals, and the firm had surplus existing capacity available during the evenings.

* B.F.M.P. report on the printing industry, 1965.

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>			<u>MARKETS</u>			<u>MARKET STRENGTH</u>
			LOCAL	NATIONAL	INTERNATIONAL	LOCAL	NATIONAL	INTERNATIONAL	
Trade Journal Publications	Trade Journal Publishers	Trade Journals	80 per cent						
	'X' Co. Ltd.	'Fruit Trades Weekly'	20 per cent						
	'Y' Co. Ltd.	'Industrial Bulletin'	20 per cent						
	'Z' Co. Ltd.	'Metal Market'	10 per cent						
	Various	'Press Chronicle'							
		'Gardeners Journal'							
		'Industrial Advertiser'							
		'Mineral Market'							
		'Electrical World'	30 per cent						
		'Furniture Showroom'							
		'Freight Register'							
		'Commodity Prices'							
Consumer Journal Publications	Consumer Journal Publishers	Consumer Journals	20 per cent						
		'Music Magazine'							
		'Southern Africa Gazette'							
		'Faith'							

copies of publications for which he said he had been invited to negotiate production contracts. In each case, he had said that he wouldn't attempt to do so because the publications in question weren't suited to the firm's production facilities. On one occasion, he had produced a journal for which he had not been invited to negotiate a contract. He said he considered that his firm was suited to the production of the particular publication and could probably win the order off the existing printers if he were to make an approach to the publishers. However, in the event, no approach was made.

Sinclair said that the firm's competitiveness in its field was increased by its specialization and that, to this end, the sale of the firm's local newspaper in 1964 had proved a very beneficial strategy.

Thus, the firm had two market-product situations:

- (a) trade journals accounting for 80 per cent of sales turnover.
- (b) consumer journal publications accounting for the remaining 20 per cent of sales turnover.

(b) Market Strength (9.16)

Sinclair said that the market in which the firm operated was adequately described, at a general level, by situation 1 or 2. However, he said, the firm itself was very competitive, and had achieved for itself a situation similar to that described in number 5. He said:

"I can always get a job that I want and do it at a profit. I can compete with anybody. There is cut-throat competition in this market but we are better organized and situated to give service than any of our competitors. We're ideally located geographically to serve our customers. We are within thirty minutes of Fleet Street, and send messengers three times a day. Most of our customers have been with us between five and fifteen years, and would miss us if we went out of business. They could get the same quality

Thus, the entrepreneur claimed that the firm's market situation was adequately described by statement 5 in Q.10, for both its Trade Journal Publications and its Consumer Journal Publications.

The firm's General Manager, David Pickard, selected alternative 3 as adequately defining the market strength of all the firm's products. When told by the researcher that John Sinclair had selected questionnaire alternative 5, thus claiming greater market strength, Pickard said, once again:

"That's what John likes to think. I keep on warning him that competition is hotter than he thinks. For instance, we thought we could offer the thinnest magazine binding in this area of the business, but we lost one of our periodicals and saw another printer do it as well as we had done or even better."

Two of the firm's overseers, Simon and Barlow, had described the firm's market strength, in both of its markets, as being adequately described by situation (3). However, James had selected alternative (6). He said:

"We are in a cut-throat market but we have few competitors because few firms can offer the same quality and service as us."

Thus, allocating Marks 7-1, in line with the respective choices made, the firm's aggregate market strength quotient was as follows:

$$\text{Market Strength Quotient } \bar{x} = \frac{\sum n y}{n} = \frac{5.3.3.3.6}{5}$$

= 4.0

Thus,

Number Of Established Market-Product Situations (M) = 2

Aggregate Market-Product Strength(S) = (0.8 x 4) + (0.2 x 4) = 4.0

Total Organizational Market Flexibility = 2 (M) + 4.0 (S)

<u>Elemental Sub-Environment</u>	<u>Actual Score</u>	<u>Possible Score</u>
(i) Labour Sub-Environment	6 (7 D.P.)*	10
(ii) Administrative Efficiency Sub-Environment	4 (5 D.P.)*	10
(iii) External Aids Sub-Environment	3	10
(iv) Technical Sub-Environment	10	10
(v) Market Sub-Environment	9	10
	32	50

(* In these cases, the entrepreneurial perception quotient was increased as a result of David Pickard's presence.)

Environmental Perception Quotient: 64 per cent (pre David Pickard)
68 per cent (post David Pickard)

3.11. MAJOR ORGANIZATIONAL PROBLEMS

3.11.1 MAJOR ORGANIZATIONAL PROBLEMS AS PERCEIVED BY JOHN SINCLAIR

The researcher established 24 meetings with the entrepreneur and, on each occasion, concluded the meeting by asking the entrepreneur to state the firm's major problem or problems as he saw them.

On 19 occasions, the entrepreneur had stated a single major problem and, on the remaining 5 occasions, had stated 2 problems - a total of 29 statements. The problems fell essentially under 5 headings:

<u>Problems</u>	<u>No. of Occasions Stated</u>
1965 Close Company Legislation	17
Tax Reform	7
Technological Change	2

1965 Close Company Legislation

On 17 occasions, the entrepreneur stated Close Company Legislation as a major problem:

"Close Company legislation is a major difficulty. It dictates what (profit) you pay out and what you retain. You are forced to pay out 60 per cent of profits and, even if you later plough them back, they are taxed as if you'd paid them out."

In the firm's annual reports lodged at Companies House, the entrepreneur had made specific and prominent mention of the 1965 Finance Act which embraced Close Company Legislation. He referred to the "restrictions" of the legislation at a time when the printing industry faced the most "far-reaching changes since Caxton." He said that directors ought to possess discretion on the retention of profits in accordance with the firm's capital needs for re-equipping its technology.

Tax Reform : Taxing Sales Turnover

On 7 occasions, the entrepreneur had stated as a major problem the case ^{with} which "inefficient" firms survived. In each case, he identified this situation with the policies of national Government. Typical statements were:

"British Management is poor. It's too easy to survive. I would like to see the Government instigating a payroll or (sales) turnover tax to make both profit makers and loss makers pay tax. That would bust the inefficient firms and then the good firms wouldn't have to subsidize the rest."
and,

"The wrong Government approach to industry. It supports the unsuccessful companies and the nationalized industries

ability and penalizes success. It's proping up declining industries for political and not economic reasons. We need to be savage with inefficiency. The trouble with this economy is that the weak don't go to the wall. Non-profit-making firms must be forced out of business to release labour and resources for the rest."

Industrial Development Areas

On 2 occasions, the entrepreneur stated as a major problem, the Government's policy on the location of industry:

"I don't agree with the Government's development areas. Firms in the development areas will have to subsidize them in the end. I think there needs to be some control on the location of industry. We don't want blast furnaces in the centre of London, but economic factors would take care of this anyway."

Technological Change

On 2 occasions, the entrepreneur stated as a major problem the uncertainty posed by future technological change:

"The major looming problem is the pending technological revolution. Anyone who's farsighted enough is worried. It might prove very expensive for the small firm."

Management Succession

On one occasion, during the early stages of the research, the entrepreneur stated management succession as a problem:

"I feel I must be growing conservative at my age and need a younger mind to help equip the firm to meet the problems of the 1970's. I'll have to get some-one in."

Shortly afterwards, he had hired David Pickard as a General Manager.

3.11.B. MAJOR ORGANIZATIONAL PROBLEMS AS PERCEIVED BY DAVID PICKARD

The researcher established 4 meetings with the firm's General Manager. On each occasion, he was asked to state the firm's major problems as he saw them. On each occasion, he had stated them as follows:

- (1) "Establishing communication and trust on the shop-floor."
- (2) "Educating the managers."

On no single occasion did he refer to the firm's relations with its external environment. Thus he demonstrated a major concern with the content of administrative rather than strategic decision-making.

3.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

The firm's profit record for the period under study was as follows
(see page 202) :

ORGANIZATIONAL PROFIT GOAL ATTAINMENT

G. S. CRIDLEY AND COMPANY LIMITED

YEAR	1966	1967	1968	1969	1970
CAPITAL EMPLOYED	£176,320	£186,237	£197,274	£213,156	£235,512
SALES TURNOVER	£219,735	£228,301	£229,569	£236,132	£252,819
PROFIT (Pre-Tax, Post Dep'n)	£32,962	£34,024	£40,519	£41,002	£45,218
PERCENTAGE PROFIT RETURN ON CAPITAL EMPLOYED	18.7	18.3	20.6	19.2	19.2

The firms non-executive directors received £500 per annum from the firm. Sinclair took a sum from the firm of approximately £6,000 in 1965 rising to over £7,000 by 1970. During the period when the 1965 Close Companies Act limited the fees payable to owner-managers, Sinclair drew the legal maximum fee, i.e. 15 per cent of profits.

4.0. PRINTED CARTONS AND COMPANY LIMITED

4.1. BRIEF DESCRIPTION OF THE FIRM

4.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

4.3. RESEARCH METHOD

4.4. ENTREPRENEURIAL GOALS

4.5. ORGANIZATIONAL GOALS

4.6. LEADERSHIP AND DECISION MAKING

4.7. JOB SATISFACTION

4.8. ROLE TIME INTENSIVITY

4.9. BUSINESS IDEOLOGY

4.10. ENVIRONMENTAL CONTROL

4.11. MAJOR ORGANIZATIONAL PROBLEMS

4.12. ORGANIZATIONAL PROFIT GOAL ACHIEVEMENT

This firm, formed in 1887, was a public company producing printed cardboard packaging materials and paper bags. Though a public company, the firm was characterized by a large degree of family control.

The firm employed 160 personnel, and had moved to the Kingston area in 1962 from a premises near the centre of London. The firm's main plant was 50,000 square feet in area, and was used for the production of printed cardboard cartons. A smaller plant nearby, occupied an area of 35,000 square feet. This had formerly been used as a bus station. However, the firm had secured a licence to manufacture in 10,000 square feet of the premises which it used for the production of printed paper bags. The remainder was used for warehousing.

The major premises had formerly been occupied by a subsidiary of I.C.I. involved in producing a similar product. Thus, the premises was effectively purpose-built for the firm's products, and a ready recruited workforce had been in employment in 1962.

The firm had many of the characteristics of a family firm. Victor Nicholson (Snr) had joined the firm as a clerk in the 1920's, and had later become Managing Director. At the time of the research project, his 2 sons were joint Managing Directors of the firm, indicating the ascriptive basis to promotion characteristic of family firms. In addition, the family held almost 23 per cent of the firm's total equity. The firm's Sales Director, formerly Victor Nicholson's office boy, was another principal shareholder.

When Nicholson's sons took control of the firm in 1959, it had possessed fairly large financial reserves. The sons used these reserves to re-equip the firm. In addition, they used hire-purchase facilities, and also invested a fairly considerable sum of their own money in the firm via a rights issue organized through the stock market. However, since the move to a new premises in 1962, they had financed expansion and modernization by re-

In 1968, the firm was the subject of a take-over bid initiated by another public company. The board of directors of Printed Cartons Co.Ltd. recommended shareholders to accept the bid, and the firm then became a subsidiary of the controlling organization - M.E. Board and Company Limited.

4.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

The Nicholson brothers, Kenneth and Tony, had been born in 1923 and 1925 respectively. Kenneth had been considerably more successful at school than his younger brother. He attended grammar school to the age of 16, whereas his younger brother attended a non-selective state school, and left at the minimum permissible age.

On leaving school, both brothers had joined Printed Cartons Co.Ltd., the firm which their father had joined as an office boy before becoming a director and later Managing Director. During the war, the Nicholson brothers had both been fighter pilots stationed in India. However, at the end of the war, they re-joined their father as junior managers in the firm, and subsequently became joint Managing Directors at the time of their father's retirement in 1959. However, their father continued to function as a non-executive director of the firm.

Both of the Nicholson brothers were married. Kenneth had married an estate agent's daughter, whereas his younger brother had married a former clerical employee of the firm. The Nicholson brothers had only one child between them - Tony Nicholson had a son who was an apprenticed craftsman working in the car industry.

KENNETH NICHOLSON

Politics:

- (a) Voted Conservative.
- (b) Parents had voted Conservative.

- (d) Saw the difference between the two major political parties as being based upon fundamentally different ideological standpoints.

Religion: non-practising Christian.

Life-Style:

- (a) Make of car: Jaguar (firm's car)
(b) Location and value of house: Esher, £14,000.
(c) Type of school chosen for children: no children.
(d) Holidays taken at: always abroad.
(e) Leisure interests: golf and motoring.
(f) Membership of clubs and associations: golf and car clubs.
(g) Principal friends in leisure life:

Occupation

Situation Of Initial Meeting

Joint Managing Director

Brother

Sales Director

Director of Printed Cartons Co.Ltd.

Works Director

Director of Printed Cartons Co.Ltd.

Non-executive Director

Father

Garage Owner

In membership of same golf club.

TONY NICHOLSON

Politics:

- (a) Voted Conservative.
(b) Parents had voted Conservative.
(c) Claimed to vote as a businessman rather than as a private citizen.
(d) Saw the difference between the two major political parties as being based upon fundamentally different ideological standpoints.

Religion: Practising Christian.

- (a) Make of car: Jaguar (firm's car)
- (b) Location and value of house: Oxshott, £12,000.
- (c) Type of school chosen for child: State Secondary School.
- (d) Holidays taken at: U.K. and abroad.
- (e) Leisure interests: claimed no strong interests.
- (f) Membership of clubs and associations: none.
- (g) Principal friends in leisure life:

<u>Occupation</u>	<u>Situation Of Initial Meeting</u>
Joint Managing Director	Brother
Sales Director	Director of Printed Cartons Co.Ltd.
Non-executive Director	Father
Teacher	Neighbour
Accountant	Ex-employee of Printed Cartons Co.Ltd.

4.3. RESEARCH METHOD

The practical work involved in research in this firm was essentially similar to that carried out in other firms. However, the research was limited to 7 visits, which was less than the number of visits made to any other single firm included in the study.

Prior to the firm being taken over by H.E. Board & Company Limited, late in 1962, 4 visits were established with the joint Managing Directors of the firm. The latter were sometimes difficult to contact, and pre-arranged visits were sometimes postponed due to pressures imposed upon the respondents by alternative commitments. However, subsequent to the firm being taken over, the Nicholson brothers appeared considerably less co-operative than they had been previously, and only 3 further meetings were achieved throughout the remainder of the research project.

attempting to replace this firm with another firm in the same size category. However, it was at this stage that the importance of the individual entrepreneur, occupying a focal position in structuring the success of the small firm, was becoming evident to the researcher. Further, the difficulties encountered by the researcher were seen to be directly related to an interaction between the entrepreneurs as individuals and their wider business environment. Thus, it was considered that an examination of this firm should continue, regardless of the difficulties encountered.

Kenneth and Tony Nicholson shared an office. Kenneth Nicholson was always in attendance at meetings with the researcher, whilst his brother attended 5 of the 7 meetings. However, on the confession of both respondents, Kenneth was the effective Managing Director of the firm, whilst his brother concentrated essentially on co-ordinating the sales function in the firm. As a result, Kenneth Nicholson had usually answered the researcher's questions on behalf of both himself and his brother (it was Kenneth Nicholson who had initially replied to the researcher's letter requesting co-operation in the project, and who subsequently arranged the timing of the researcher's visits to the firm). However, Tony Nicholson had usually indicated his agreement with his brother's replies to questions and, quite often, elaborated on them.

However, throughout the major part of the research project, only 3 visits were established with this firm, and this situation excluded the possibility of meetings with any other respondents. The total contact time spent in this firm was approximately 16 hours. Additional time was devoted to an examination of the firm's file at Companies House.

4.4. ENTREPRENEURIAL GOALS

4.4.1. KENNETH NICHOLSON

Kenneth Nicholson ordered his entrepreneurial goals, as they had applied at the time of entry into entrepreneurship, as follows:

1	Finding an outlet for personal abilities	17.0
2	Independence	16.0
3	Economic rewards	13.5
4	The status associated with being your own boss	11.0
5	Being able to pick the people you work with	8.0
6	Security	2.5
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

Nicholson said that the above goals had applied at the time of his entry into the firm on leaving the air-force after the war. However, he claimed that, at that time, he had possessed few prior expectations about the nature of work as a career.

Until 1959, Kenneth Nicholson had worked in the firm as a manager along with his brother. However, during 1959, Nicholson and his brother were made joint Managing Directors in the firm. Kenneth Nicholson said:

"We had been fighting with our father ever since the war. He wasn't managing the place well. It wasn't a conflict of ideas - the old man never had an idea. We wanted change and there came a point of no return - it was him or us. One day the situation blew up - it took the form of a minor issue which we saw as the last straw. There was a row, and he retired and left us to it. But that wasn't the end. He gave himself an executive director's title and sat around for another four years doing nothing. Then he lost a leg, and became a non-executive director."

Victor Nicholson (Snr.) had always pursued a policy of financing the firm's expansion entirely from internally generated profits. He had refused to make use of bank overdrafts, and had never used hire-purchase facilities. However, within a year of being enstated as joint Managing Directors Kenneth and Tony Nicholson financed the purchase of £75,000 worth of new

ating at a substantial bank overdraft.

In 1962, the firm moved from Newington in London, to the Kingston area with the aid of a loan from an insurance company. The Nicholson brothers claimed that the premises in which their father had previously run the business had been unsuited to the real needs of the firm. They claimed that the shape of the building had been unsuited for an efficient plant layout, and that only the ground floor of the multi-storey premises had been capable of housing heavy printing machinery.

Entrepreneurial Goals In 1968 Prior To The Take-Over By M.E. Board & Co.Ltd.

During 1968, Kenneth Nicholson ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	20.0
2	Independence	18.5
3	Finding an outlet for personal abilities	16.0
4	Security	15.0
5	Achieving recognition in the field of management	11.5
6	The status associated with being your own boss	5.5
7	Being able to pick the people you work with	3.0
-	Building something to leave to the son/s	0.0

At this time, Kenneth Kemp said that other small packaging firms in the industry were gradually being taken-over by larger organizations. Further, he claimed that, with the majority of his own firm's shares in public hands, the firm, too, was "open to a take-over." He said:

"We compete mostly with people like the Metal Box Company, Bowaters, Reed Paper, Bryant and May, and so on. Any of these companies, willing to make a good offer, might be able to swallow us up. If this happened, it would

crucially our identity, and our customers would lose their personal service. If we were totally integrated into one of our competitors firms, I would probably leave, and set up another business afresh."

The Take-Over By M.E. Board And Company Limited

Previous to the take-over offer made by M.E. Board & Co.Ltd., late in 1968, Kenneth Nicholson had expressed anxieties at the possibility of the firm being taken-over by a larger competitor, and totally integrated into the parent firm. (Compare this situation with that at Control Engineering Limited where the entrepreneur avoided being taken-over by a firm of similar technology as a strategy for preserving his independence).

An initial contact with the firm had been made by the chairman and founder of M.E. Board & Co.Ltd. The latter firm was involved principally in the manufacture of dartboards (from paper pulp), and had been very successful in this. The chairman, a first generation entrepreneur, later received the O.B.E. for services to exports (in the 1969 New Year's Honours List).

M.E. Board had had a small subsidiary involved in packaging. This subsidiary was involved in the production of cardboard containers for drug files, using Swiss machinery under license. However, the firm lacked a sophisticated expertise in packaging technology which made the acquisition of Printed Cartons appear attractive. Further, the rapid expansion of the parent firm's main interest - dartboards - had meant that the space occupied by the packaging subsidiary was required in order to increase the production of dartboards.

However, Kenneth Nicholson claimed that, initially, the chairman of M.E. Board had suggested that Printed Cartons Co.Ltd. should make an offer, in shares, for M.E.Board's packaging subsidiary. However, Nicholson had opposed this idea on the grounds that it would have limited his own independence whilst providing no protection against a future take-over by M.E.Board Co.Ltd.,

it was subsequently agreed, that the M.E. Board Company should make an offer in shares for Printed Cartons Co.Ltd.

The agreed offer, which the Nicholsons' and their board recommended to shareholders, was a swap of 5 shares in M.E. Board for every 6 previously held in Printed Cartons Co.Ltd. Printed Cartons's shares had been priced at around 13/6d per share before the bid, but had risen to 14/6d very shortly before the bid had been formerly announced.

The 'Financial Times', during October 1968, in it's 'Stock Exchange Report', reported that "...Printed Cartons jumped 4s.3d to 19s.9d on the merger approach from M.E. Board." The 'Investors Chronicle' commented:

"One by one, the smaller packaging companies are losing their independence. John Barnes and Compressed Paper have already succumbed to the Melbrey Group, and now it looks as though M.E. Board is almost certain to be successful in it's agreed bid for Printed Carton's Co.Ltd., the manufacturer of printed cartons. The original announcement mentioned a value of around 20s. per share, but in fact, shareholders are getting more than this. With M.E. Board shares priced at 27s. on the forecast of fourteen months' profits of £185,000, the five-for-six share swap values Printed Cartons at 22s.6d. per share, and gives the latter an exit PE ratio of 29⁵ on it's own forecast profits of £100,000 for 1968."

The bid terms valued the Nicholson family's holding at around £20,000. However, Kenneth Nicholson said that this was only a minor factor structuring his decision to recommend acceptance of the bid. He said that, if his family had had a large enough share-holding in the firm to have successfully repelled all take-over bids, then he would have done so.

However, Nicholson said, though he considered that he had lost some of his independence, he had lost relatively little of it. He considered that the directors of the parent company were unlikely to exercise strict control over their new acquisition in view of it being somewhat peripheral to the

been taken-over by M.E. Board, it was "almost inevitable" that it would have been taken-over in the course of the following 3-4 years by one of the firm's larger competitors. This would have resulted in a complete loss of the firm's identity, and the entrepreneurs' independence.

Entrepreneurial Goals After The Take-Over

During 1970, Kenneth Nicholson ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	20.0
2	Independence	10.5
3	Achieving recognition in the field of management	18.5
4	Economic rewards	17.0
5	Finding an outlet for personal abilities	19.5
6	The status associated with being your own boss	3.5
7	Being able to pick the people you work with	1.5
-	Building something to leave to the son/s	0.0

The take-over appeared to have been at least partially precipitated by Kenneth Nicholson himself as a strategy for maintaining his own independence. At the same time, along with his brother, he had been given a long term contract of employment, a higher salary than he had received previously, and a share in the firm's profits. Thus, his security appeared to be guaranteed in the medium-term but, in the long term, appeared to be largely dependent upon his performance as a manager. Thus, whilst as a manager in a larger group, opportunities for attainment of the goal of management recognition appeared greater than had previously been the case, attainment of the goal was, more than ever, necessitated as a condition of attainment of other goals.

take-over of M.E. Board & Co.Ltd. itself, by a still larger firm.

4.4.2. TONY NICHOLSON

Tony Nicholson ordered his goals, as they had applied at the time of his joining the firm at the end of the war, as follows:

<u>Order</u>	<u>Entrepreneurial Goals</u>	<u>Value</u>
1	Independence	20.0
2	Economic rewards	16.5
3	Finding an outlet for personal abilities	15.0
4	Being able to pick the people you work with	6.5
5	The status associated with being your own boss	4.0
6	Security	0.5
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

Entrepreneurial Goals In 1968 Prior To The Take-Over By M.E. Board & Co.Ltd.

During 1968, Tony Nicholson ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goals</u>	<u>Value</u>
1	Independence	18.0
2	Security	15.5
3	Economic rewards	15.0
4	Finding an outlet for personal abilities	13.5
5	Building something to leave to the son/s	9.5
6	Achieving recognition in the field of management	6.5
7	Being able to pick the people you work with	2.0
8	The status associated with being your own boss	1.5

During 1970, Tony Nicholson ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goals</u>	<u>Value</u>
1	Security	19.5
2	Economic rewards	18.5
3	Independence	16.0
4	Achieving recognition in the field of management	14.5
5	Finding an outlet for personal abilities	12.5
-	Building something to leave to the son/s	0.0
-	Being able to pick the people you work with	0.0
-	The status associated with being your own boss	0.0

4.5. ORGANIZATIONAL GOALS

4.5.1. KENNETH NICHOLSON

Kenneth Nicholson ordered the firm's goals, in 1968, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	20.0
2	To provide the market with goods and services	15.5
3	To provide employment for the owner/s	11.5
-	To provide employment for employees	0.0

PROFIT (Appendix 1. 0.11)

- (i) Function Of Management: Nicholson selected questionnaire alternative (a), i.e., profit maximization.
- (ii) Policy On Profits: Nicholson again selected questionnaire alternative (a).

questionnaire alternatives (a), (b), (d) and (c), in that order.

- (iv) Justification Of Profit: Nicholson selected questionnaire alternative (b), consistent with an ideology of Long-Term-Company-Interest.

Organizational Goals In 1970

Kenneth Nicholson ordered the firm's goals in 1970 as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	20.0
2	To provide the market with goods and services	8.5
3	To provide employment for the owner/s	6.0
-	To provide employment for employees	0.0

The above ordering of goals was justified in terms of the expectations of the new Company Chairman, and the expectations of the public who hold shares in what they considered to be a rapidly growing and profitable firm - M.E. Board & Company Limited.

4.5.2. TONY NICHOLSON

Tony Nicholson ordered the firm's goals, in 1968, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide the market with goods and services	17.0
2	To provide employment for the owner/s	15.5
3	To make a profit as a return on capital invested in the firm	13.0
4	To provide employment for employees	9.0
5	"Steady progress and movement with new ideas within the financial capabilities of the company."	5.5

- (i) Function Of Management: Nicholson selected questionnaire alternative (a), i.e., profit maximization.
- (ii) Policy On Profits: Nicholson said that his brother was responsible for establishing the firm's policy on profits, and did this in accordance with questionnaire alternative (a).
- (iii) Determination Of An Acceptable Level Of Profits: Nicholson selected questionnaire alternatives (a) and (b), in that order.
- (iv) Justification Of Profit: Nicholson selected questionnaire alternative (c) consistent with an ideology of Social Responsibility.

Organizational Goals In 1970

Tony Nicholson ordered the firm's goals in 1970 as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital employed in the firm	19.0
2	To provide the market with goods and services	12.5
-	To provide employment for the owner/s	0.0
-	To provide employment for employees	0.0

The changes in the firm's goals, compared with 1968, were justified in terms of the above goals corresponding with his perception of the expectations of the firm's new chairman.

4.6. LEADERSHIP AND DECISION-MAKING

As a result of the researcher's relatively limited contact time in this firm, opportunities for studying decision-making procedures were relatively limited. Opportunities to interview respondents other than the Nicholson brothers did not present themselves, and the researcher was unable to gain access to the firm whilst take-over negotiations were in progress.

board of directors and Kenneth Nicholson subsequently outlined to the researcher, the principal reasons structuring the firm's acceptance of the take-over offer from M.E. Board & Co.Ltd.

The firm had a board of 4 full-time executive directors, and 2 part time non-executive directors (the latter were Victor Nicholson, the firm's ex-Managing Director, and the firm's ex-Sales Manager). Meetings of the board were convened at approximately monthly intervals and, contrary to observed practice in the smaller firms studied, Annual General Meetings were convened with Victor Nicholson (Snr) as Company Chairman.

Kenneth Nicholson claimed to have personally "steered" acceptance of the take-over offer by the board, which had subsequently made a recommendation to shareholders to accept the offer. Nicholson said that the board's decision had resulted from a full board meeting. He said:

"The two non-executive directors suffered a little nostalgia. They thought the place was a great empire in 1946, but it wasn't - it was a rat house."

Kenneth Nicholson said that the firm's directors had been unanimous in their acceptance of the M.E. Board offer once he had explained the "inevitable alternative," i.e., being taken-over by a competing carton manufacturer. The Chairman of M.E. Board had stressed his desire to retain all of the firm's existing directors and, in addition, he had claimed to be unwilling to formalize an offer for control of the firm unless acceptance in principle was accepted unanimously by the Carton Printers Co.Ltd. board. Kenneth Nicholson said that he had not been totally convinced of the sincerity of this claim but, rather, had interpreted the Chairman's statement as an indication of M.E. Board's dependence upon the existing Carton Printers' board.

In the presence of his brother, Kenneth Nicholson said that his case to the board, favouring acceptance of the M.E. Board offer for control of the firm, had been structured in the following terms. He had said that

acceptance of the bid offered:

- (i) "A chance to get out of the eyes of a similar group which would totally absorb our identity."
- (ii) "A good price for our shares."
- (iii) "A chance to diversify into a specialist field giving a higher work output from the existing premises. The M.E. Board packaging technology is similar to that we already use for bags, and would supplement a declining sector of the business with only minor additions to our existing workforce."
- (iv) "The new products would generate more orders for cartons."
- (v) "We could continue to supply our present customers."

Thus, the decision appeared to have been arrived at by use of elements of both the persuasive and democratic leadership styles.

4.7. JOB SATISFACTION (Appendix I. 0.7)

4.7.1. KENNETH NICHOLSON

Kenneth Nicholson described his level of job satisfaction, during various periods of his career, as follows:

<u>Job Situation</u>	<u>Level Of Job Satisfaction</u>
Prior to becoming Joint Managing Director in 1959	High (6)
As independent joint Managing Director between 1959 and 1968	Very High (7)
As Joint Managing Director after the take-over by M.E.Board & Co.Ltd.in 1968	Moderate to High (5)

4.7.2. TONY NICHOLSON

Tony Nicholson described his level of job satisfaction, during various periods of his career, as follows:

Prior to becoming Joint Managing Director in 1959

Moderate to High (5)

As independent Joint Managing Director between 1959 and 1968

High (6)

As Joint Managing Director after the take-over by M.E. Board & Co.Ltd.in 1968

Moderate to High (5)

4.8. ROLE TIME INTENSIVITY

The Nicholson brothers claimed to work almost identical working hours. Further, they claimed that the average length of their working week had gradually declined from a peak in 1959 onwards. They claimed that, for the first 4-5 years after being made Joint Managing Directors in the firm, they had typically worked from 8.0 a.m. to 7.0 p.m., 5 days a week, with working lunches. They had not attended the factory on Saturdays, and had taken 2 weeks annual leave.

However, at the time of the research project, the Nicholson brothers claimed an average working day of 9.0 a.m. to 6.0 p.m., and a 5 day working week. Thus, average length of working week at the time of the research project = 45 hours. Annual leave had been extended to 4 weeks.

4.9. BUSINESS IDEOLOGY

4.9.1. KENNETH NICHOLSON

Kenneth Nicholson answered questions on business ideology as follows.

<u>Nichols's</u> <u>Subject Groups</u>	<u>Ideological Set</u>		
	<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
Redundancy	-	1	-
Purpose	-	1	-
Information	-	1	-
Public Life	-	1	-
	0	4	0

	<u>Profit</u>	<u>Employees</u>	<u>Customers</u>
Profit	-	-	1
Employees	-	3	-
Customers	-	-	1
Government	-	1	-
Employers Organizations	-	-	1
	<u>0</u>	<u>4</u>	<u>3</u>

4.9.2. TONY NICHOLSON

Tony Nicholson answered questions on business ideology as follows:

<u>Nichols's</u> <u>Subject Groups</u>	<u>Ideological Set</u>		
	<u>S.H.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
Redundancy	1	-	-
Purpose	1	-	-
Information	-	1	-
Public Life	-	1	-
	<u>2</u>	<u>2</u>	<u>0</u>

Appendix 1. G's 11-15

Profit	1	-	-
Employees	1	2	-
Customers	-	-	1
Government	-	1	-
Employers Organizations	-	-	1
	<u>2</u>	<u>3</u>	<u>2</u>

4.10. ENVIRONMENTAL CONTROL

4.10.1. LABOUR SUB-ENVIRONMENT

Labour turnover at this firm appeared to be at a relatively low

level. Kenneth Nicholson, during an initial meeting, said:

"Nearly a third of our employees are female. They all live locally and recruit themselves. They tell their friends when we have vacancies - pass the word on. Turnover amongst them is very low. Once they're here, they stay for years and, when they do leave, it's almost inevitably for domestic reasons."

Of male employees, he said:

"We start with apprentices, and get them nearly all by personal recommendation from the shop-floor. They are usually relatives or friends of people already working here. We manage to get all the workers we want, and we are able to keep them because we pay well."

Nicholson said that the trade union organizations were used as a source of labour supply:

"You can always get male employees through the printing unions. We have a contract with our print room overseer. He has to recruit enough labour to keep the print machines going. He recruits them through the union and, if he falls a man short, he has to work a machine himself."

Both joint Managing Directors claimed that the larger proportion of the male labour turnover that did occur, occurred amongst NATSOPA members, namely the lithographic printers, due to what was described as their strong market situation. Tony Nicholson said:

"Demand for their services exceeds supply by nearly 50 per cent."

The researcher was able to gather labour turnover statistics in respect of 1967 and 1968 only. They were as follows:

1967

Workforce Size	116	47	163
Labour Turnover	8	7	15
Percentage Turnover	6.9	14.9	9.2

1968

Workforce Size	115	49	164
Labour Turnover	10	13	23
Percentage Turnover	11.5	26.6	14.0

The firm was totally unionized. Kenneth Nicholson said:

"We don't think of ourselves as a closed shop but we are. In print, very few shops are not closed - all firms of this size are. We offer someone a job and he goes back to his union to see if we are an O.K. employer. This isn't official, but we've found out over the years."

Officially, all of the 12 unions represented in the firm were federated under SOGAT for negotiating purposes. However, the joint Managing Directors claimed that each union, in practice, maintained a degree of independence, and thus presented difficulties for management. In addition, the Managing Directors claimed to encounter organized resistance to the introduction of new equipment. However, despite this, whilst answering questions in another context, they had said that, due to the continuous introduction of more efficient machinery, the firm's workforce size had, in recent years, grown considerably less slowly than the firm's sales turnover.

The researcher was unable to recruit any data on absenteeism. However, the entrepreneurs did not consider absenteeism to constitute a serious problem for the firm.

(a) Administrative Control Procedures

The firm appeared to operate most of the administrative control procedures typical of the larger firm. It employed an accountant, professional estimators, a Works Manager and full-time production overseers. Further, the Works Manager, in conjunction with Kenneth Nicholson and the firm's overseers, drew up weekly production schedules. The only major area of functioning in this firm which was not fulfilled by a functional specialist, was that of personnel management.

(b) Workforce Structure

The researcher was able to recruit data on the firm's workforce structure as it was in 1968:

WORKFORCE STRUCTURE			
OCCUPATIONAL CATEGORY	MALE	FEMALE	TOTAL
ADMINISTRATIVE CATEGORIES			
(1) Management & Supervision.	9	0	9
(2) Professionals.	9	0	9
(3) Clerks	3	11	14
PRODUCTIVE CATEGORIES			
(1) Craftsmen.	58	0	58
(2) Operatives	32	37	69
(3) Labourers.	4	1	5
	115	49	164

Ratio of administrative to total workforce : $32/164 = 19.5$ per cent.

To Sales:

- (a) Used a sales force.
- (b) Published and distributed brochures/pamphlets.
- (c) Used trade journals to advertise products.

To Production:

- (a) Used sub-contractors, but only for relatively unskilled finishing work : never for printing.

To Labour Recruitment:

- (a) Advertised in newspapers.
- (b) Used staff agencies for female temps.
- (c) Used direct methods of labour recruitment : word of mouth.
- (d) Used trade union organizations to recruit labour.

To Recruitment of Information:

- (a) Used suppliers for information on new types of board.
- (b) Attended machinery exhibitions in order to retain an up-to-date knowledge of modern technology.
- (c) Read trade journals.
- (d) Visited other firms to see new machinery in operation.

To Recruitment of Finance:

- (a) Used a bank overdraft.
- (b) Raised capital by shares rights issues.
- (c) Recruited capital from an insurance company to help finance the move of premises in 1962.

Total Number Of Agencies Claimed = 15

Master Printers, but had terminated its membership due to its resulting involvement in printing industry labour disputes.

1.10.4. TECHNICAL SUB-ENVIRONMENT (Appendix 1. 0.10 (i)).

Both Managing Directors considered that the firm's technology was adequately described by questionnaire alternative (5), i.e., "A little way ahead of that typical of most firms in the field." However, they claimed that, prior to 1959, the firm's technology had been adequately described by situation (4), or even (3).

Since being enstated as joint Managing Directors in 1959, the Nicholson brothers had almost doubled the firm's productive capacity, and this had involved extensive purchases of new up-to-date equipment. The firm usually purchased general purpose printing machinery with a potential life-span of 10-20 years, and seldom replaced any equipment before it reached the end of its expected life-span. At the time of the research, Kenneth Nicholson claimed that the firm was currently operating 3 British printing machines, which were technically obsolescent, but which were still operating within the period of their expected life-span. He gave 3 reasons for their continued use: (1) the machines had several years of productive life left in them.

(2) the machines would have cost £60,000 to replace.

(3) the printing unions would have opposed the use of modern equipment at its full level of productive capacity.

The firm had recently purchased a £20,000 photographic plate-making machine which, Kenneth Nicholson claimed, could have been justified 3 years previously but for trade union objections. However, the union concerned had finally made a concession to allow the operator concerned to make both letterpress and lithographic plates, and thus make efficient use of the equipment.

The firm's Mean Technology Quotient $\bar{x} = \frac{\sum nx}{\sum x} = \frac{5+5}{2} = \underline{5.0}$

Market-Product Situations

The firm produced 2 products, i.e., printed cartons and printed paper bags, though the former accounted for slightly more than 80 per cent of the firm's total sales turnover. Further, this figure was increasing, and all current increases in the firm's sales turnover were being established in the printed carton sector of the business. Tony Nicholson said:

"We are concentrating on carton manufacture -- it's more profitable. It's so easy to make paper bags -- anyone can do it. Also, there are big firms in the market that can buy raw materials at an earlier stage of processing, and therefore make two profits on the product."

Market Strength

Both of the entrepreneurs claimed a low market strength for the firm's smaller product-line, i.e., printed bags. Kenneth Nicholson claimed a market strength of 1 for the product, whilst his brother claimed a market strength of 2. Thus, mean market strength for this product-line = 1.5.

However, the market strength of the firm's major product-line, i.e., appeared to be much higher. Tony Nicholson said:

"We are, by intention, almost unique in the industry because of our flexibility in the order size we can accommodate. The other firms in the industry are divided into short run and long run organizations. The small firms can't cope with long runs because they lack the capacity, and the large firms have paperwork systems for ordering and production control which are too complex to make short runs pay."

Nicholson continued:

"Our communication links are short enough to make small orders pay. We can afford to stop the lines to give a personal service. We can cope with any order

PRINTED CARTONS AND COMPANY LIMITED

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>	<u>MARKETS</u>		<u>MARKET STRENGTH</u>	
				<u>LOCAL</u>	<u>NATIONAL</u>	<u>INTERNATIONAL</u>	
Various	Various	Printed Cardboard Cartons	80 per cent	_____	U.K. /	_____	5
Various	Various	Printed Cardboard Cartons	20 per cent	_____	U.K.	_____	1 - 2

from 1,000 to 1,000,000. We got the 'Complan' order when they wanted runs of only 5,000. Now they want runs of 1,000,000, and we can still cope with the order. Our competitors would either have been too big to have got the order initially, or too small to have kept it. Our strength derives from a policy never to go overboard on large orders."

Shortly before the firm was taken-over in 1968, the entrepreneurs had negotiated contracts with 2 customers for orders worth approximately £120,000 per annum. Each of these customers had required supplies of orders of a wide range of sizes. Both firms had previously used both small firms to supply their small run orders, and large firms to supply their larger run orders. However, each of them had subsequently preferred to deal with a single supplier, and had approached Printed Cartons & Co. Ltd. Kenneth Nicholson said:

"I have asked for a 5-year contract from each of them. The money required for the necessary expansion represents no real problem. A firm that's doing well can always get money."

Kenneth Nicholson claimed a market strength of 5 for the firm's product-line of cartons, whilst his brother claimed a market strength of 6. Thus, mean market strength for this product = 5.5.

Thus, the firm's number of Established Market-Product Situations (M) = 2

The firm's aggregate product market strength = $(0.8 \times 5.5) + (0.2 \times 1.5) = \underline{4.7}$.

The firm's total Market Flexibility = 21 + 4.7 S

4.10.6. KNOWLEDGE SUB-ENVIRONMENT (Appendix 1. 0.10 (iii))

<u>Elemental Sub-Environment</u>	<u>Score</u>
Labour Sub-Environment	6/10
Workforce Efficiency Sub-Environment	8/10
External Aids Sub-Environment	6/10

'Environmental Perception Quotient' = 72 per cent.

4.11. MAJOR ORGANIZATIONAL PROBLEMS

Almost all statements of the firm's major problems were made by Kenneth Nicholson. He consistently stated these to be, in order, as follows:

- (i) The Unions.
- (ii) The Socialist Government.

(i) The Unions

Kenneth Nicholson said:

"We have twelve different unions to deal with. They're all supposed to come under SOGAT as an umbrella organization but they all maintain quite a bit of independence. We'd like to be able to deal with just one union, and have no problems with demarcation. There are new machines I'd like to get in here, but the unions won't have it because they would put people out of jobs."

(ii) The Socialist Government

Kenneth Nicholson said:

"Socialist Governments try to put all things in little boxes and forget they are linked together."

"The Government's transport legislation has forced our lorries off the road. The expense of making them useable, in the Government's eyes, is prohibitive. They have put our transport costs up by 50 per cent."

"They devalued and put up our costs. Devaluation doesn't do anyone any good."

"They are trying to get us up north when our customers and suppliers are down here. We are a service industry

and we have to be close to our customers and suppliers."

During the researcher's final visit, Nicholson complained of "wasteful spending" by the Government. He produced a book of business telephone numbers recently supplied by the Ministry of Technology, as an example of stated waste.

Tony Nicholson said:

"The Socialist Government has sapped the incentive that human motivation requires by putting up taxes."

.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

The firm's profit record for the period under study was as follows (see page 231) :

ORGANIZATIONAL FINANCIAL GOALS ATTAINMENT

UNITED CARTONS AND COMPANY LIMITED

YEAR	1957	1958	1959	1960	1961 (Moved Premises)	1962	1963	1964	1965	1966	1967
CAPITAL EMPLOYED	\$303,833	\$310,855	\$323,164	\$329,034	\$444,925	\$573,940	\$573,884	\$604,603	\$677,014	\$683,303	\$696,890
SALES TURNOVER	\$372,781	\$396,020	\$428,085	\$448,692	\$498,102	\$513,569	\$537,681	\$626,947	\$647,118	\$752,134	\$790,012
PROFIT (Pre-Tax, Post Dep'n)	\$42,426	\$38,703	\$44,818	\$40,260	\$44,364	\$17,596	\$28,883	\$46,781	\$63,577	\$70,646	\$81,916
PERCENTAGE PROFIT RETURN ON CAPITAL EMPLOYED	14.0	12.5	14.0	12.2	10.0	3.0	5.0	7.7	9.4	10.4	11.7

The Nicholson brothers had drawn fees of approximately \$5,000 per annum previous to the takeover. Subsequently, they received approximately \$8,000 per annum plus a share of profits.

5.0. ELECSONICS LIMITED

5.1. BRIEF DESCRIPTION OF THE FIRM

5.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

5.3. RESEARCH METHOD

5.4. ENTREPRENEURIAL GOALS

5.5. ORGANIZATIONAL GOALS

5.6. LEADERSHIP AND DECISION-MAKING

5.7. JOB SATISFACTION

5.8. ROLE TIME INTENSITIVITY

5.9. BUSINESS IDEOLOGY

5.10. ENVIRONMENTAL CONTROL

5.11. MAJOR ORGANIZATIONAL PROBLEMS

5.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

1. BRIEF DESCRIPTION OF THE FIRM

This firm had been formed at the end of 1966 by George Coleman and Alan Walters with a registered capital of £200.

For several years before the formation of the firm, Coleman had played an organ in a dance band as a leisure-time activity and, in 1966, had developed the idea of manufacturing an automatic electronic rhythm unit - an "auto-drum." However, though he had possessed a knowledge of music, he had lacked an electronics expertise.

Being introduced to Walters, a young electronics engineer, in 1966, had heralded a decision to set up a firm, with Coleman acting as Managing Director and Walters as Technical Director.

However, the "auto-drum" had not been a commercial success. The entrepreneurs had manufactured 300 in just under 12 months, and managed to sell most of them to retailers. However, they had received relatively few repeat orders and, during this time, had experienced severe cash flow problems.

In September, 1967, the entrepreneurs had virtually stopped production of the "auto-drum", and had been considering terminating trading entirely. The firm at this stage had still comprised only the 2 entrepreneurs and Coleman's wife. However, Mrs. Coleman had contacted a public company producing electronic time-switch gear, in response to an advertisement in the local press for wire-women to wire printed circuit boards. The entrepreneurs had offered to do this work and, after a visit to Elecsonics from the management of the public firm, the firm had agreed to sub-contract wire-work to the entrepreneurs.

Thus, at this stage, the firm had had only one customer and, contrary to the entrepreneurs initial intentions, had been involved in sub-contract electronic wiring as it's sole manufacturing function. The firm's customer had supplied all of the raw materials required in production, and had collected the finished circuit boards each week and paid the entrepreneurs by cheque at the time of collection.

Throughout the existence of the firm, the entrepreneurs had attempted

to gain additional orders for sub-contract wire-work and, at the same time, to establish a new product-line to replace the "auto-drum." However, they had achieved little success in either of these missions, though, in 1970, they finally achieved a degree of success in producing and marketing stereo amplifiers, after having previously failed with both stereo record players and table lamps.

However, as a result of its relationship with its sole customer, the firm had been able to expand in its rented premises from a workforce of 3 personnel in 1968, to a workforce of 17 personnel in 1970. Six of these 17 personnel had been members of the Coleman family. However, in August, 1970, Coleman had claimed that the firm should change its situation of almost total dependence upon a single customer by completely changing the nature of the firm's business.

However, Walters had favoured the idea of continuing to supply the firm's single customer with wired circuit-boards. The resulting argument had led to Walters severing contacts with the firm, and returning to employment. Coleman had then appointed his wife as a director in the firm and continued to supply the firm's customer with wired circuit-boards.

5.2: BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

5.2.1. GEORGE COLEMAN

George Coleman was born in 1928, the second of 3 sons of working class parents. His father had been a skilled mechanic and his mother a shop assistant.

Coleman had described himself as the "duffer" of the family. Whereas both of his brothers had done relatively well at school - at the time of the research project the elder brother had been an executive officer with the G.P.O. (and had stood as a Liberal candidate in local elections) whilst the younger brother was a skilled draughtsman - George had spent his schooldays in a 'c' class. He had left school at the age of 15, and taken unskilled employ-

ment in a garage.

At the age of 17, Coleman had joined the army as a musician, and had left the army at the age of 27 as a bands sergeant. On leaving the army, he had sought full-time employment as a musician. However, he had failed in this mission, and had taken employment for the next decade with an owner-managed garage as a mechanic, whilst playing in a band as a leisure-time activity.

Coleman's employer had hired out cars, and Coleman had functioned as leading hand with 4 other mechanics in servicing the firm's car fleet. The firm's owner had spent only one day each week at the garage, and had made an appointed manager responsible for the firm's functioning at all other times. During the period of Coleman's employment with this firm, the firm had had 3 different managers. Each of the first 2 had been dismissed by the owner, and the third manager had remained with the firm until it had gone out of business in 1966.

Following the dismissal of each of the first 2 managers, Coleman had functioned as acting manager prior to the appointment of a replacement. This had usually continued for a period of 3-4 months and, after the dismissal of the second manager, Coleman had asked the owner to be allowed to retain the position permanently. However, his request had been turned down essentially, Coleman had considered, because of his limited formal education and working class mannerisms. Coleman had been disappointed at this decision and said:

"I had always thought I could do the job (of managing) better than the people I worked for in employment."

When the garage had closed down in 1966, he had attempted to secure employment as a manager but had failed. It had been at this point in time that he had begun to investigate possibilities for self-employment. He had attempted to negotiate a tenancy on a garage but had been unsuccessful. Also, Coleman had been an amateur radio engineer and had considered opening a radio and television shop, but had lacked the capital. However, he had played an organ as a leisure-time activity - sometimes playing in a band and, at other

times, playing solo in pubs and hotels - and had finally decided to form a business, in conjunction with an electronics engineer, to produce electronic organs. He had been introduced to Alan Walters by a mutual friend, and had formed Elecsonics Limited, with Walters as an equal partner.

Coleman had married at the age of 22 and, at the time of the research project, had 2 daughters who worked in the firm, and a son of school age. He lived in a council house and claimed no strong allegiances to any political, religious or other social groups.

Politics:

- (a) Had normally voted Labour but currently voted Liberal in support of his brother who was a Liberal candidate in local elections,
- (b) Parents had always voted Labour,
- (c) Claimed to vote as a private citizen rather than as a businessman,
- (d) Saw the difference between the two major political parties as being based essentially upon their respective claims to greater administrative efficiency.

Religion: Agnostic

Life-Style:

- (a) Make of car: Volkswagen.
- (b) Location and value of house: Sutton: rented Council House.
- (c) Type of School chosen for children: state secondary schools.
- (d) Holidays taken at: U.K.
- (e) Leisure interests: music.
- (f) Membership of clubs and associations: none.
- (g) Friends in leisure-life:

Occupation

Situation Of Initial Meeting

Draughtsman

Brother

Musical Instrument Retailer

Purchased the firm's auto-drum.

Van Driver
Mechanic
Entrepreneur (cabinet-maker)

Dance band.
Previous employment
Made cabinets for the firm's
auto-drum.

2.2. ALAN WALTERS

Alan Walters was born in 1946, the only child of working class parents. His father had been a semi-skilled metal polisher, and his mother a nurse.

At the age of 11, Walters had passed for grammar school, and had left at the age of 16 after passing 'O' level G.C.E. in 4 subjects. He had then served a 5-year apprenticeship as an electronics engineer with a public electronics firm.

Within a matter of weeks of completing his apprenticeship, Walters had been introduced to Coleman by a mutual friend. He claimed to have possessed no previous motivation to become self-employed but had been seeking alternative employment at that time and, as a result, had decided to join Coleman in forming a business.

Walters had, at all times during his period in entrepreneurship, earned more than he would have earned in employment. However, he claimed to have experienced few other satisfactions from entrepreneurship and had been dissatisfied with the intrusion which his long working hours had made into his leisure life.

Walters had continued to live with his parents throughout his period in entrepreneurship and was unmarried. He was a church-goer but claimed no strong allegiance to any political or other social groups.

Politics:

- (a) Voted Conservative,
- (b) Parents had always voted Conservative,
- (c) Claimed to vote as a private citizen rather than as a businessman,
- (d) Saw the difference between the two major political parties as being based upon fundamentally different political ideologies.

Religion: Church Of England (practicing)

Life-Style

- (a) Make of car: British Leyland Mini.
- (b) Location and value of house: Sutton, £5,000.
- (c) Type of school chosen for children: not married.
- (d) Holidays taken at: U.K.
- (e) Leisure interests: studied computers at night-school. Otherwise, no strong interests.
- (f) Membership of clubs and associations: none.
- (g) Friends in leisure-life:

Occupation

Situation Of Initial Meeting

Typist

Party

Electronics Engineer

During employment as apprentices together.

Electronics Engineer

During employment as apprentices together.

Computer Programmer

At grammar school.

Tax Inspector

Night-school.

.2.3 MARGARET COLEMAN

Margaret Coleman was born in 1931, the first of 3 children of a working class family. Her father had been a bus conductor and her mother a dress-maker. The other 2 children in the family had both been boys.

Margaret Coleman had left school at the age of 15, and had followed her mother into dressmaking. However, she had been made a supervisor before terminating work at the time of the birth of the first child. She had had 3 children with a gap of nearly 13 years between the second and third. During this time, she had held jobs as a supervisor and a buyer for a firm of dress-

makers. After the birth of her third child, she had joined her husband as a wire-woman and then a supervisor at Elecsonics Limited.

Margaret Coleman's politics, religion and life-style were the same as those of her husband.

3. RESEARCH METHOD

This firm had initially been contacted in 1968, as a replacement for Smith-Brown Electronics Limited. The entrepreneurs had failed to reply to an initial letter inviting co-operation, and had subsequently been contacted by telephone. The researcher had spoken to the Managing Director, George Coleman, who had questioned the potential value of his firm's collaboration in the research project. He pointed out that the firm, at that time, had had only one customer, and was fighting for survival. He had said:

"We will probably wind up at the end of the year. I doubt if we will survive. We'll have to come to some decision. We don't look like directors. We do things in our own way. We don't like people telling us what to do. We are really managers of Electronic Services Limited because they are our only customer."

After assurances from the researcher that the entrepreneurs' collaboration in the project was valued, Coleman had agreed to an initial visit to the firm. From thereon, occasional visits were made to the firm but, due to work pressures facing the entrepreneurs, these were limited and supplemented with telephone conversations; questionnaires despatched by post, and an invitation to the entrepreneurs to visit the college. However, even telephone calls had sometimes been curtailed by other demands for the entrepreneurs' attention. As a result, the researcher had developed a rapport with Mrs. Coleman, who had worked in the firm as a supervisor before being made a director in 1970. This had served both as an aid to the recruitment of data, and to corroborate statements made by George Coleman and Alan Walters.

However, towards the end of the project, the pressures on the entrepreneurs' time had diminished, and more formal meetings were arranged, including a visit by the entrepreneurs' to the college.

Coleman proved to be the only entrepreneur amongst the researcher's entire research sample who had appeared to experience any difficulty in coping with research questionnaires. As a result, the researcher had played the role of an intermediary between informant and questionnaire. This process had involved the researcher attempting verbalised explanations, in lay language, of the meaning of questionnaires; interpretation of the entrepreneur's lay language replies in the context of their meanings for the data search mission of the questionnaires in order to facilitate comparability with data gained from other organizations and, finally, soliciting entrepreneurial corroboration that the researcher's questionnaire interpretation of the verbalised data was representative and correct in the context of the entrepreneur's true meaning.

Though this firm had comprised only 3 personnel during its initial months in existence, it had employed more than 10 personnel by the time the researcher had established contact. Thus, as had been the case with both Smith-Brown Electronics Limited and Modern Offset Limited, a firm categorized in Ministry of Labour Statistics in the 0-10 employee size group had expanded to employ more than 10 personnel. However, in view of the fact that the firm's growth had been relatively recent, Elecsonics Limited was accepted as a typical firm in the 0-10 category. Further, the assessment of environmental control with all the firms studied was to be based on the 5-year period 1966-70 inclusive, and Elecsonics had in fact, been positioned in the 0-10 grouping during that time.

The researcher spent approximately 25 hours contact time in this firm in addition to making periodic searches through the firm's file at Companies House.

5.4. ENTREPRENEURIAL GOALS

4.1. GEORGE COLEMAN

Entrepreneurial Goals At The Time Of Entry Into Entrepreneurship In 1966

Coleman claimed to be able to recall his entrepreneurial goals as they had applied at the time of his entry into entrepreneurship and ordered them as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	17.5
2	The status associated with being your own boss	14.5
3	Independence	13.0
4	Being able to pick the people you work with	12.5
5	Economic rewards	9.5
6	Building something to leave to the son/s	3.5
-	Security	0.0
-	Achieving recognition in the field of management	0.0

al 1: "Finding An Outlet For Personal Abilities"

Coleman said:

"This is what I really wanted. I'd always thought I could do a job better than the people I worked for in employment, and I just wanted a chance to prove it. I wanted the sense of challenge that running your own show gives. I wanted something to aim at and make me feel I was using everything I'd got."

al 2: "The Status Associated With Being Your Own Boss"

Coleman said he had always wanted a job with status and had aspired particularly towards "becoming a company director." He said that this had been structured largely by his previous lack of status in employment, and in

the light of his own self-confidence.

In addition, Mrs. Coleman had said that, for several years prior to 1966, her husband had aspired towards becoming "a company director." Further, she said that, whenever she had questioned his judgement during the early days in business, he had reminded her that he was a "director" in the firm whilst her status was that of "an employee."

Goal 3: "Independence"

Coleman said:

"This is what everyone wants. It's the reason everyone envies the street corner shop-keeper - because he's his own boss, and I've never liked working under other people. That's why I liked playing an organ in pubs."

Goal 4: "Being Able To Pick The People You Work With"

Coleman said he hadn't valued this goal very highly in 1966 because he hadn't picked his partner (Walters) on grounds of personal liking, but on grounds of technical expertise, and hadn't known if the firm would ever grow to the extent where he would be able to recruit employees. However, he said, it was a goal he had wanted to see fulfilled.

Goal 5: "Economic Rewards"

Coleman said he hadn't given a great deal of consideration to this goal at the time of entry into entrepreneurship:

"I knew I would be worse off initially, and my only aim was to earn as much as I had in a garage again as soon as I could."

Goal 6: "Building Something To Leave To The Son/s"

Coleman said that he had a young son and had felt he would "like to leave something to posterity."

Coleman said he would "dearly" have liked to have achieved these goals but hadn't aspired to them on the grounds of his slim expectations of attainment:

"You need to be a pretty good businessman to build yourself a secure empire in our economy, and I was too old to really think about making a name for myself in the business world, much as I'd have liked to."

During the initial months of doing sub-contract work for Electronic Services Limited, the entrepreneurs had enquired how long the work was likely to last. On each occasion, they were told that Electronic Services had order books for only 27 weeks ahead, (i.e., 6 months), and could give no assurances beyond that point.

Electronics had had no written agreements with Electronic Services, and the expansion which had taken place within the firm had resulted from pressure from Electronic Services for greater output. However, the management of Electronic Services had said that the firm's order for sub-contract work would not grow beyond it's existing level. Thus, not only the survival, but also the size of the firm appeared to be dictated by the management of Electronic Services Limited.

Coleman's Entrepreneurial Goals 18 Months After Entry Into Entrepreneurship (May 1968)

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	12.5
2	Independence	9.0
3	Economic rewards	7.5
4	Security	6.0
5	The status associated with being your own boss	4.0

6	Being able to pick the people you work with	1.5
-	Building something to leave to the son/s	0.0
-	Achieving recognition in the field of management	0.0

At this time, Coleman had appeared very depressed. He said that being self-employed involved a lot of hard work and worry, and that, if he had previously been aware of the problems associated with self-employment, he might never have gone into business. Further, he had positioned all of his claimed entrepreneurial goals at relatively low positions on the goal questionnaire scale. He commented upon the respective goals as follows:

al 1: "Finding An Outlet For Personal Abilities"

Coleman said:

"I'm proud of what we do but I'd get a lot more satisfaction out of making a final product that I could see on sale and tell people about; I'd like to get known by a product. Also, it's been very satisfying building up the business but, there again, our size is dictated by Electronic Services more than us."

al 2: "Independence"

Previously, Coleman had claimed to have experienced this role gratification in terms of not "working under other people." However, at this time, he claimed to experience very little autonomy and framed his claims essentially in terms of the structural constraints acting upon his entrepreneurial role. These related to restrictions on his independence imposed by both the firm's reliance on Electronic Services, and to the excessive time intensitivity of the entrepreneurial role:

(a) Reliance on Electronic Services:

Coleman said:

"I always thought people would come running to me as buyers for my products, but that's not so. We're in a

cut-throat market and completely dependent on Electronic Services. We're like their hired managers really, but without the security of contracts of employment."

(b) Role Time Intensitivity:

Coleman said:

"There's no independence in my situation. I could walk out of the premises during the day and go to the races if I wanted to, but then I'd have to come back in the evening because there's so much work to do."

However, finally, he claimed that he didn't value independence from subordinate relationships:

"After 10 years in the army, orders mean nothing to me."

This latter statement was completely at variance with all previous and subsequent claims made by the entrepreneur.

Goal 3: "Economic Rewards"

Coleman said that he was continuing to take £20 per week out of the firm as opposed to the £25 per week that he had earned in employment 3 years previously. He said that, if he could get a job as a radio shop manager, or a chauffeur at £25 per week - thus apparently structuring attainment of the goals of economic rewards and independence - he might consider returning to employment.

Goal 4: "Security"

Coleman said he was hopeful that Electronic Services would buy shares in Elecsonics in the near future or, alternatively, offer them a long term contract, thus conferring a degree of attainment of the goal of security.

Goal 5: "The Status Associated With Being Your Own Boss"

Coleman said:

"When I worked in a garage under a car, I thought it

would be marvellous to be a company director, but I find no status now. I'm 'George' to everyone here, and we all muck in together - there's very little status really."

Coleman said also, that most of the business people he met outside the firm were either themselves self-employed, or were trained managers in larger firms, and so had equal or more status than himself. He said he experienced no status gratification in leisure life because he still lived on a council estate, and entrepreneurship had failed to alter his life-style as he was earning less than in employment. He said that he did experience a little status within the firm, but that this was limited because most of the firm's employees were semi-skilled female employees. He said:

"If I could have some of my old workmates working for me or some proper skilled engineers, I'd appreciate status a lot more."

1 6: "Being Able To Pick The People You Work With"

Coleman claimed that he didn't experience this form of job gratification:

"If someone comes in here and claims to be a good wire-woman, and isn't too shabbily turned out or loud mouthed, I take them on. I don't really pick them. They pick us because we don't really turn people away, and rarely sack anyone - they leave us. It's true I employ some of my relations, but that's only because it's convenient. I'd rather work with men than women anyway - you have to be so careful what you say to women.

I didn't even pick Alan (Walters). We were introduced by a mutual friend because I had an idea to sell an electronic organ, and he had the technical knowledge to build it. We get on fairly well at work, but there's still a generation gap. We seldom meet outside work."

al: "Building Something To Leave To The Son/s"

Coleman said that, having witnessed the problems of running a small firm, he would no longer wish his son to become in any way involved with the firm.

al: "Achieving Recognition In The Field Of Management"

Again Coleman considered this goal unrealistic in it's aspiration even more so than he had done previously.

Entrepreneurial Goals In May 1969

When the researcher contacted Coleman in May, 1969, he had found him in a very depressed and pessimistic mood. Coleman said that the amount of circuit board work allocated to Elecsonics by Electronic Services had dropped from 400 hours to 135 hours a week, and the balance had been substituted with work on frequency meters with which the firm was experiencing problems. He said that he had asked for a price of £9 for work on each instrument, but had been offered only £7.10.0. Further, Electronic Services chief inspector had been returning work on the new instruments as unsatisfactory and needing further attention.

At this time, Coleman had ordered his goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	8.5
2	Economic rewards	6.0

He said, once again, that if he had previously been aware of the problems associated with managing a small business, he would never have gone into business as an entrepreneur, but would have remained in employment with other firms. This, he said, was because he had found no independence, security, or status; little money, and a lot of "administrative red tape." He cited as an example that he had recently read of a Government plan to enable employees

to save via their employer and that:

"It wouldn't cost employees anything, but it would cost us something - we'd have to get an accountant in and pay him."

As before, Coleman had claimed the goal of "Finding an outlet for personal abilities" though at a reduced level, and also claimed "Economic rewards." He had appeared very distressed and said:

"We are losing £150 a week, and if this situation continues, the firm will have to close it's doors within ten weeks. The price on the new job's no good, and their inspectors won't pass our work. I've complained but they've said 'take it or leave it' because they know, with the state of competition in the market, they would be able to get it done even cheaper elsewhere. There are new firms opening every day that will do a quick and dirty job cheap just to try and get a foothold."

Commenting on his claim that he would not have entered the electronics industry if he had previously possessed a better awareness of its true nature, he said:

"Everyone used to say to me 'electronics is great - it's booming - there's enough work in it for a life-time'. They were right - there is a boom but it's all geared into I.C's (integrated circuits) for the big firms. It doesn't leave enough spaces for the small firms like us."

At the beginning of June, Coleman had visited Electronic Services in a distressed condition and spoke to one of the directors. He said:

"I felt really down and didn't care what I said. I told him (the director) I'd had a stomach full of Electronic Services and that their prices were no good. I told him if he didn't offer a better price, I'd close the firm down and he could find someone else to do his work for him. I told him that was how I felt, and if he didn't like it, I couldn't care less. He said I was being rude and acting in an un-businesslike manner. I told him that was my way."

However, as a result of the above encounter, Electronic Services raised their price from 17/6 per hour to 18/6 per hour.

On the researcher's following visit to the firm, Coleman had been in a very optimistic mood, and said the firm was making £100 a week profit. He said that the order level for circuit-board work had returned to its previous level, and that the previous problems experienced with frequency meters had been overcome. Coleman had commented upon his own fluctuations in feelings:

"I feel optimistic now. I always feel either up or down - next time you come, I'll probably be down again."

Mrs. Coleman had said that her husband was usually either unduly pessimistic or, alternatively, unduly optimistic and that, over the previous 2-month period, despite some difficulties, financial results had evened out at about average for a 2-month period. She said that her husband, "soon panicked and got very worried when things went wrong."

In July, 1970, the entrepreneurs visited the college. They said that the firm was "doing well," and that they now had more leisure time than they had previously. The firm had recently announced an annual profit of approximately £5,000. Further, the entrepreneurs had both been told by their accountant to buy new cars in order to minimize the firm's liability to corporation tax.

A further source of confidence had been the firm's moderate success in selling a new product line - small stereo amplifiers. Walters, at Coleman's suggestion, had designed 4 amplifiers, and the firm had been achieving approximately 15 per cent of its weekly sales turnover from this product-line.

However, one aspect of the firm's future about which the entrepreneurs had appeared pessimistic, had been the possible loss of its existing premises. The premises was situated in a rented council house due for demolition in October, 1971. However, the local council had given an undertaking to consider granting permission for the construction of industrial premises in cases where houses were currently occupied for industrial purposes. Thus, the entrepren-

curs were faced with the prospect of finding alternative rented premises - and possibly losing their existing workforce - or raising finance to build a premises, which would increase their overhead costs.

Walters's Exit From The Firm

In August, 1970, only one month after the firm had announced a profit of £5,000 for the previous year, Walters had left the firm as a result of an argument with Coleman. The argument had resulted from a discussion of the firm's future. Coleman had said that he favoured the idea of closing down the firm in its existing form and opening a radio shop or, alternatively, wholesaling electronic components. However, Walters had disagreed with these proposals and had wished the firm to continue in its existing form. He said that the firm had begun to make fairly substantial profits and that he himself had possessed no knowledge of either of the alternative proposed lines of trading, and was therefore, opposed to taking risks by entering into them. As a result of the ensuing argument, Coleman had told Walters to either support him or, alternatively, to resign. Walters claimed to have found Coleman difficult to work with throughout their entrepreneurial career together, and said that, finally, their relationship had become "unbearable."

Coleman had paid Walters £1,500 for his shares in the firm, and appointed his wife as a second company director. However, subsequent to Walters's departure, Coleman had not put his above proposals into operation but had continued to undertake sub-contract wirework for Electronic Services and Company Limited. In addition, he had appeared optimistic about the prospects of the firm in its existing situation. A question by the researcher, designed to investigate just how seriously Coleman had in fact been seriously committed to the proposals which had resulted in Walters's exit from the firm, had prompted the response: "I was serious about it at the time - I didn't force Alan to leave."

During the researcher's final visit to the firm, in October, 1970,

Coleman had ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goals</u>	<u>Value</u>
1	Economic rewards	20.0
2	Finding an outlet for personal abilities	16.5
3	Independence	13.5
4	The status associated with being your own boss	11.0
5	Being able to pick the people you work with	8.5
6	Security	6.0
7	Building something to leave to the son/s	3.0
8	Achieving recognition in the field of management	0.5

Goal 1: "Economic Rewards"

Coleman pointed to the fact that the firm had made a profit of £5,000 in the previous years trading, and that the re-investment needs of the firm were very low: Electronic Services provided all raw materials, and gave immediate payment for finished products. Further, the capital equipment needs of the firm were very low. In fact, the only equipment used was soldering irons. As a result of this situation, Coleman said that the firm's profits were available for distribution, and could be used to finance a better standard of living. He had already purchased a new car from the previous year's profits, and was anticipating a further profit of £5,000 in the coming year which would be distributed between his wife and himself to finance their standard of living.

The firm's profitability had already affected Coleman's standard of living in that he had recently purchased a new car whereas, previously, he had used the firm's old delivery van as a means of personal transport. However, at this time, he said that he was considering leaving the council house in which he had lived for over 15 years, in order to buy a house in a nearby residential area.

Goal 2: "Finding An Outlet For Personal Abilities"

Coleman had continued to value this goal and saw his scope for attainment of the goal as having increased as a result of Walters's departure from the firm.

Goal 3: "Independence"

Coleman said that his perceived level of independence had increased as a result of Walters's departure from the firm. He said:

"I don't want another partner. I'll hire an engineer instead. I'll be able to tell him what to do and I couldn't with Alan."

Goal 4: "The Status Associated With Being Your Own Boss"

Again, a perceived increase in the opportunities for goal attainment was linked with Walters's departure from the firm. Coleman said that, for the first time, he would have the opportunity to employ a skilled male worker as a subordinate.

Goal 5: "Being Able To Pick The People You Work With"

Coleman said:

"When I met up with Alan, he was the only person I knew who was both a trained electronics engineer and willing to take the risk of going into business. I had to join with him or forget the idea altogether. I accepted him but we never really got on. We were a generation apart, and I always wanted to be the boss anyway which led to trouble. Now, as a replacement for Alan, I can pick myself any good electronics engineer who doesn't want to work for himself, and they are no-where near so rare. This all means that I can now pick an engineer that I really want working for me and, if he doesn't turn out the way I expect, I'll find it a lot easier to get rid of him than getting rid of Alan."

Goal 6: "Security"

Coleman said that the firm's principal customer - Electronic Services - was becoming increasingly confident of Elecsonics's ability to produce good work and that this, in turn, was likely to act as a guarantee of subsequent work into the foreseeable future. In addition, the firm was beginning to have some success in marketing it's amplifiers, and was deriving additional security from diversification.

Goal 7: "Building Something To Leave To The Son/s"

Coleman said that, as the firm progressed, he became increasingly hopeful that this goal might eventually be attained.

Goal 8: "Achieving Recognition In The Field Of Management"

Coleman said:

"This (goal) seems a long way off, but you can't help thinking about it now things are beginning to go well."

7.4.2. ALAN WALTERS

Walters's goals did not appear to undergo any noticeable alterations during the research project. However, his ordering of goals during the project was different in some respects to his ordering of his goals as they had applied at the time of entry into entrepreneurship in 1966. His goals at this time had been as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	14.5
2	Being able to pick the people you work with	11.5
3	Independence	9.5
4	Economic rewards	6.5
5	The status associated with being your own boss	6.0

-	Security	0.0
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

However, throughout the research project, he had ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	9.5
2	Independence	0.5
3	Economic rewards	5.0
4	The status associated with being your own boss	1.5
-	Being able to pick the people you work with	0.0
-	Security	0.0
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

Walters claimed that he had never been highly motivated to enter into entrepreneurship, and wasn't sorry to finally return to employment. He claimed to have found limited opportunities for the attainment of his entrepreneurial goals. In fact, 3 goals had never been claimed on the grounds of improbability of attainment. Further, the goals that had been claimed were not claimed at high levels.

The goal of, 'Being able to pick the people you work with' had declined in value after 1966. This, Walters had said, was because he had hoped that the firm would make a success of the auto-drum, and have been able to have justified the employment of some of his ex-colleagues from employment. However, this had not been the case. In fact, 6 of the firm's workforce had been members of the Coleman family and the remainder, semi-skilled female wirewomen recruited by Mrs. Coleman.

Also, the value attached to the goal of 'Independence' had declined.

Walters claimed that this had resulted from the intrusion of his entrepreneurial role into leisure life resulting from the time intensitivity of the entrepreneurial role. In addition, he said that, Coleman's greater age and the support he had received from his wife, had undermined his (Walters's) own independence and his status within the firm.

4.3. MARGARET COLEMAN

The only occasion on which the researcher had presented Mrs. Coleman with an entrepreneurial goal questionnaire, was near the end of the project when she became a director. Previously, whilst there had been a fairly extensive telephone contact between the 2 parties, George Coleman himself had always exerted his authority in order to keep his wife usefully employed during visits, and thus the researcher had not gained access. However, at the same time, this strategy had allowed Coleman to establish the status differential in the presence of the researcher.

Mrs. Coleman ordered her entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	19.0
2	Being able to pick the people you work with	17.5
3	The status associated with being your own boss	16.0
4	Independence	10.5
5	Economic rewards	8.5
6	Security	2.0
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

Mrs. Coleman had claimed to experience a high level of attainment of the first 4 goals, and positioned independence at a relatively low value only because she had previously attained independence in previous employment. Of the 2 goals not claimed, the goal of 'Achieving recognition in the field of

management' had been omitted on the grounds of low expectations of attainment.

However, the goal of 'Building something to leave to the son/s' had been omitted on the grounds of an absence of aspirations towards goal attainment.

5. ORGANIZATIONAL GOALS

1. GEORGE COLEMAN

During initial visits to the firm, Coleman had said that he would willingly have closed the firm if he could have secured a job in employment which would have given him independence - he had cited the roles of chauffeur and manager in particular. At this time, he had ordered the firm's goals as they had applied in 1966, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	17.5
2	To make a profit as a return on capital invested in the firm.	8.5
-	To provide the market with goods and services	0.0
-	To provide employment for employees	0.0

However, at the end of the research project, when the firm had begun to make a fairly substantial profit and the Colemans' standard of living had been increasing, Coleman had ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	16.5
equal 1	To make a profit as a return on capital invested in the firm	16.5
3	To provide employment for employees	8.0
-	To provide the market with goods and services	0.0

.2. ALAN WALTERS

Walters had never valued the goal of 'Providing employment for owner/s' very highly. This situation appeared to have been structured by his absence of initial high motivation to enter into entrepreneurship. He ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	18.0
2	To provide employment for the owner/s	6.5
-	To provide the market with goods and services	0.0
-	To provide employment for employees	0.0

.3. MARGARET COLEMAN

Margaret Coleman ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	20.0
2	To make a profit as a return on capital invested in the firm	16.5
3	To provide employment for employees	11.5
-	To provide the market with goods and services	0.0

.6. LEADERSHIP AND DECISION-MAKING

All decision-making duties in this firm had been concentrated in three role holders - George and Margaret Coleman and Alan Walters. There had been no formal meetings held. Mrs. Coleman had said:

"We all muck in together. Alan does the technical work, and I do the talking."

In fact, Mrs. Coleman had always answered the telephone when the re-

searcher had rung the firm.

All 3 respondents had corroborated the above division of duties.

Walters had carried out the firm's technical development work. Mrs. Coleman had carried out liaison with customers and suppliers, and had hired labour in addition to supervising production. In fact, it had been Mrs. Coleman who had first established contact with Electronic Services.

George Coleman appeared to have made all major decisions affecting the firm's relations with its environment. Coleman had made the decision to initially produce the auto-drum, and to later accept Electronic Services' offer of electronic sub-contract work. In addition, the decisions to attempt to establish table-lamps, stereo record players, and stereo amplifiers respectively, as new product lines, had been originated by Coleman.

Mrs. Coleman had said that Walters had been, "easy going - too much so." On the other hand, George Coleman had said that he had used Walters as his "engineer" and, in 1970, had replaced him by a hired engineer.

Thus, it appeared that Coleman had adopted an autocratic or persuasive leadership style in his dealings with Walters. This was particularly borne out by the decision-making pattern which had structured Walters's exit from the firm.

.7. JOB SATISFACTION

.1. GEORGE COLEMAN

Coleman claimed the following levels of job satisfaction in the following job situations:

<u>Job Situation</u>	<u>Level Of Job Satisfaction</u>
In employment as a lead-hand mechanic previous to entry into entrepreneurship in 1966	Moderate To Low (3)
As above but during periods spent as acting garage manager	Moderate To High (5)
Following entry into entrepreneurship 1966-70	Moderate (4)
Following Walters's departure from the firm in 1970.	High (6)

7.2. ALAN WALTERS

In employment as an apprentice 1961-66	Moderate	(4)
Following entry into entrepreneurship 1966-70	Moderate	(4)
Following return to employment in 1970	Moderate	(4)

7.3. MARGARET COLEMAN

In previous employment	Moderate to High	(5)
In entrepreneurship	Very High	(7)

8. ROLE TIME INTENSITIVITY

The researcher had experienced some difficulty in establishing contacts with this firm, and the entrepreneurs claimed that this had resulted from the demands imposed upon their time by the nature of their work. Both of the entrepreneurs had claimed to be working 6 days a week, and claimed an absence of even lunch breaks:

"We just eat sandwiches and work straight through."

Both of the entrepreneurs had verified that Coleman had worked longer hours than Walters. This had resulted from Walters's more active social life (he was only 24 years old when he left the firm in 1970) and his attendance at night school on 3 evenings each week (he had been taking a course on computer programming).

Coleman

Coleman had claimed a typical working week of 8.0 a.m. to 8.0 p.m., Mondays to Fridays, and 8.0 a.m. to 6.0 p.m. on Saturdays. Average total hours worked = 70 hours with 1 weeks annual holiday.

Walters

Walters had claimed a typical working week of 8.0 a.m. to 6.0 p.m.,

Mondays to Saturdays. Average total hours worked = 60 hours with 2 weeks annual holiday.

5.9. BUSINESS IDEOLOGY

5.9.1. GEORGE COLEMAN

Coleman's replies to Nichols's Forced-Choice Questionnaire were as follows:

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Laissez-Faire (LF)
Purpose	Laissez-Faire (LF)
Information	Long-Term-Company-Interest (LTCI)
Public Life	Laissez-Faire (LF)

His replies to other questions were as follows:

Profit (Appendix 1. 9.11)

(iv) Justification of profit:

(a) A JUST REWARD FOR THE EFFORTS AND ENDEAVOURS OF THE OWNER-MANAGER (L.F.)

Relations With Employees (Appendix 1. 9.12)

(i) Employees relationship with the firm:

(a) CONTRACTUAL (L.F.)

(ii) Dependence of the local labour market on the firm for employment:

(c) MINIMAL

(iii) Expansion In An Industrial Development Area:

(a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)

(iv) Policy on Firing in a Development Area:

(a) LESS RELUCTANT TO DISMISS PERSONNEL (L.F.)

- (i) Policy on finding a more rewarding outlet for capital employed:
 - (a) ACT IN THE IMMEDIATE INTERESTS OF PROFIT MAXIMIZATION (L.F.)
- (ii) Dependence of customers on the firm:
 - (e) MINIMAL

Relations With National Government (Appendix I. 0.14.)

Role of Government in Industry:

- (b) TO CREATE AREAS OF CERTAINTY FOR BUSINESS (L.T.C.I.)

Relations With Employers Organizations (Appendix I. 0.15.)

Co-operation through employers organizations:

- (b) MUTUALLY USEFUL (L.T.C.I.)

5.9.2. ALAN WALTERS

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Long-Term-Company-Interest (LTCI)
Purpose	Long-Term-Company-Interest (LTCI)
Information	Long-Term-Company-Interest (LTCI)
Public Life	Laissez-Faire (LF)

Profit (Appendix I.0.11.)

- (iv) Justification of profit:
 - (b) A REWARD FOR THE SURVIVAL OF THE FIRM IN THE FACE OF THE RISKS AND UNCERTAINTIES FACING BUSINESS FIRMS

Relations With Employees (Appendix I. 0.12.)

- (i) Employees relationship with the firm:
 - (b) MUTUAL BENEFIT (L.T.C.I.)

(ii) Dependence of the local labour market on the firm for employment:

(c) MINIMAL

(iii) Expansion In An Industrial Development Area:

(a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)

(iv) Policy on Firing in a Development Area:

(b) MUTUAL BENEFIT

Relations With Customers (Appendix 1. Q.13.)

(i) Policy on finding a more rewarding outlet for capital employed:

(b) DISCUSS THE SITUATION WITH CUSTOMERS.

(ii) Dependence of customers on the firm:

(c) MINIMAL

Relations With National Government (Appendix 1. Q.14.)

Role of Government in Industry:

(b) TO CREATE AREAS OF CERTAINTY IN THE ECONOMY FOR BUSINESS FIRMS (L.T.C.I)

Relations With Employers Organizations (Appendix 1. Q.15.)

Co-operation through employers organizations:

(b) MUTUALLY USEFUL (L.T.C.I.)

5.9.3. MARGARET COLEMAN

Subject Group

Ideological Set

Redundancy

Social Responsibility (SR)

Purpose

Social Responsibility (SR)

Information

Long-Term-Company-Interest (LTCI)

Public Life

Laissez-Faire (LF)

Profit (Appendix I. 9.11)

- (iv) Justification of profit:
- (c) A JUST REWARD TO THE FIRM FOR ITS SERVICES IN PROVIDING GOODS AND EMPLOYMENT (S.R.)

Relations With Employees (Appendix I. 9.12.)

- (i) Employees relationship with the firm:
- (b) MUTUAL BENEFIT (L.T.C.I.)
- (ii) Dependence of the local labour market on the firm for employment:
- (e) MINIMAL
- (iii) Expansion In An Industrial Area:
- (a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)
- (iv) Policy on Firing in a Development Area:
- (c) MORE RELUCTANT (S.R.)

Relations With Customers (Appendix I. 9.13.)

- (i) Policy on finding a more rewarding outlet for capital employed:
- (b) DISCUSS THE SITUATION WITH CUSTOMERS (L.T.C.I.)
- (ii) Dependence of customers on the firm:
- (e) MINIMAL

Relations With National Government (Appendix I. 9.14.)

Role of Government in Industry:

- (b) TO CREATE AREAS OF CERTAINTY FOR BUSINESS FIRMS (L.T.C.I.)

Relations With Employers Organizations (Appendix I. 9.15.)

Co-operation through employers organizations:

- (b) MUTUALLY USEFUL (L.T.C.I.)

10. ENVIRONMENTAL CONTROL

10.1. LABOUR SUB-ENVIRONMENT

Labour Turnover

The level of labour turnover in this firm had been depressed by the strong representation of the Coleman family amongst the firm's workforce. In addition to George Coleman and his wife, the Colemans' 2 daughters and both of Mrs. Coleman's parents had worked in the firm. Thus, even considering the 1970 workforce figure of 17 personnel, over 30 per cent of this figure was accounted for by the entrepreneurs and their relatives.

Labour Turnover:

<u>1966</u>	<u>MALE</u>	<u>FEMALE</u>	<u>TOTAL</u>
Workforce Size	2	1	3
Turnover	0	0	0
Percentage Turnover	Nil	Nil	Nil
<u>1967</u>			
Workforce Size	3	4	7
Turnover	0	0	0
Percentage Turnover	Nil	Nil	Nil
<u>1968</u>			
Workforce Size	3	10	13
Turnover	0	3	3
Percentage Turnover	Nil	30.0	23.1
<u>1969</u>			
Workforce Size	3	13	16
Turnover	0	5	5
Percentage Turnover	Nil	38.4	31.2

<u>1970</u>	<u>MALE</u>	<u>FEMALE</u>	<u>TOTAL</u>
Workforce Size	3	14	17
Turnover	0	6	6
Percentage Turnover	Nil	42.8	35.2

However, excluding the entrepreneurs and their relatives, the firm's labour turnover rate was in excess of 50 per cent.

Absenteeism

There had been no official records kept on absenteeism (just as there had not been for labour turnover). However, whereas, in the case of labour turnover, individual departures could be remembered and recalled by the entrepreneurs, only an approximate estimate could be made in respect of absenteeism. The entrepreneurs estimated that there was, on average, one member of staff short due to absenteeism. On the occasion of each contact between the researcher and the firm, the researcher had asked for absentee figures for that particular day. The firm's average absentee rate appeared to be 1.0 - 1.5 workers per day or, between 6.3 and 9.7 per cent of the total workforce. However, here again, absenteeism amongst the entrepreneurs and their relatives was relatively low, otherwise this figure would have been higher.

10.2. WORKFORCE EFFICIENCY SUB-ENVIRONMENT

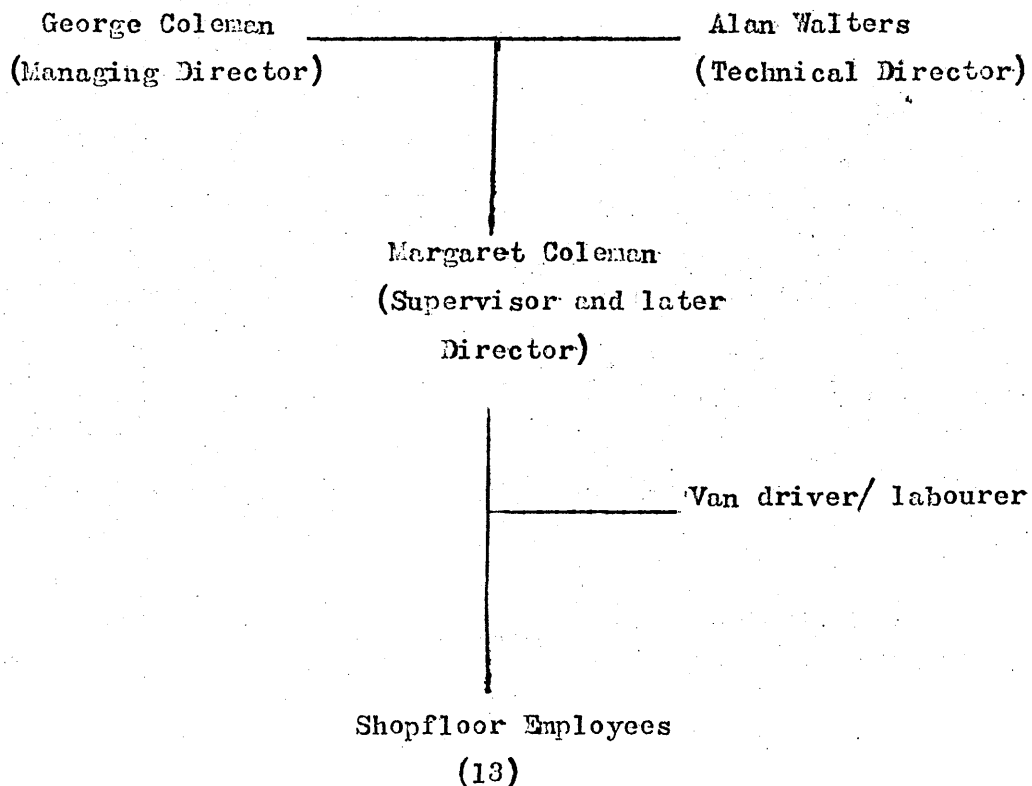
(a) Administrative Control Systems

The administrative element of this firm's total workforce structure was relatively low due to the nature of the firm's business. The firm's almost total reliance upon sub-contract work from a single customer eliminated the need for the sales function in the firm. Further, Electronic Services supplied Elecsonics with all raw materials, and paid weekly on the date of delivery of the completed work. Thus, the supplies, purchasing, stock control,

estimating and invoicing functions were also eliminated.

(b) Workforce Structure

The firm's workforce structure was as follows:



WORKFORCE STRUCTURE

OCCUPATIONAL CATEGORY	MALE	FEMALE
ADMINISTRATIVE CATEGORIES		
(1) Management & Supervision	2	1
(2) Professionals	0	0
(3) Clerks	0	0
PRODUCTIVE CATEGORIES		
(4) Craftsmen	0	0
(5) Operatives	0	13
(6) Labourers	1	0
TOTALS :	3	14

This figure is relatively low for the engineering industry but, even so, represents an exaggeration of the firm's true administrative workforce element, for Coleman and Walters had themselves devoted a large proportion of their time to the work normally performed by operatives. In fact, Coleman and Walters had carried out all the firm's testing and inspection.

0.3. EXTERNAL AIDS SUB-ENVIRONMENT

There was little evidence in this firm either of external aids to management being used or being required. Local newspapers had been used to recruit the firm's orders from Electronic Services and one other firm (in the latter case the order had not been repeated).

However, in addition, the firm had used the Ministry of Technology Industrial Liaison Service in order to recruit two small orders for sub-contract work. Neither of these had proved very profitable, and the orders had not been repeated.

External Aids Used:

(i) To Sales:

- (a) Local newspaper advertisements for wiremen/wirewomen.
- (b) Local Ministry of Technology Industrial Liaison Officer for sub-contract work.

(ii) To Labour Recruitment:

- (a) Local advertisement boxes.

(iii) To Recruitment Of Finance:

None.

(iv) To Recruitment Of Information:

None.

Total Number Of Aids Claimed = 3

10.4. TECHNICAL SUB-ENVIRONMENT

Both of the entrepreneurs had considered that the firm's technology was adequately described by questionnaire alternative (5), i.e., "A little in advance of that typical of the field" (See Appendix 1 Q.10). Coleman said:

"There are plenty of people around who can do a cheap and shoddy job, but the big firms want reliable sub-contractors that they can trust."

Allocating marks 1-7, in accordance with the respective choices made, the firm's mean technology quotient was as follows:

$$\text{Mean Technology Quotient } \bar{x} = \frac{\sum nx}{n} = \frac{50}{10} = 5.0$$

10.5. MARKET SUB-ENVIRONMENT

Both Coleman and Walters had considered the market strength of the firm's principal product-line, sub-contract wirework, to have been adequately described by questionnaire alternative (1) (See Appendix 1, Q.10). Coleman, in Walters's presence, had said:

"The sub-contract market is completely saturated - absolutely soaked. There's a multitude of small businesses trying to get work to do. Some of them even call on us and ask for work."

Both of the entrepreneurs had agreed that the market strength of their new stereo amplifier was adequately described by questionnaire alternative (2). However, they claimed that the profit margins on the product were of a relatively low order. Coleman said that the larger firms in the industry concentrated their attentions on the larger amplifiers where demand was higher and the benefits of scale were available. However, he said, the market for smaller amplifiers, such as those which Elecsonics was producing, met with little competition from the larger firms.

The total product-market situation of the firm is outlined on the following page.

ELECSONICS LIMITED

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>	<u>MARKETS</u>		<u>MARKET STRENGTH</u>
				<u>LOCAL</u>	<u>NATIONAL INTERNATIONAL</u>	
Electronics	Electronics Services and Company Limited	Sub-Contract Wiring	85 per cent	Kingston Area		1
Electronics	Various	Stereo Amplifiers	15 per cent	Kingston Area		2

Thus, allocating marks 1-7, in accordance with the respective choices made, the firm's aggregate market strength quotient was as follows:

$$\text{Market Strength Quotient } \bar{x} = \frac{\sum n x}{n} = \frac{1.1}{2} = \underline{1.0} \text{ for sub-contract wirework, and } \frac{2.2}{2} = \underline{2.0} \text{ for stereo amplifiers.}$$

Thus,

$$\text{Number Of Established Market-Product Situations (M)} = 2$$

$$\text{Aggregate Market-Product Strength S} = (0.85 \times 1) + (0.15 \times 2)$$

$$= \underline{1.15}$$

$$\text{Total Organizational Market Flexibility} = \underline{2M + 1.15 S}$$

10.6. PERCEPTION OF THE ENVIRONMENT

<u>Elemental Sub-Environment</u>	<u>Actual Score</u>	<u>Possible Score</u>
(i) Labour Sub-Environment	3	10
(ii) Administrative Sub-Environment	5	10
(iii) External Aids Sub-Environment	4	10
(iv) Technical Sub-Environment	6	10
(v) Market Sub-Environment	5	10
	23	50

Thus, Environmental Perception Quotient = 46 per cent

5.11. MAJOR ORGANIZATIONAL PROBLEMS

The firm's major problem, as defined by the entrepreneurs on the occasion of every meeting and telephone communication established with the firm, had been that of diversifying the firm's product-line and/or finding additional customers for its services for sub-contract wirework. This problem

was still essentially in existence at the end of the research project.

The other problems stated had been the effect of the introduction of time clocks upon workforce morale; the poor quality of some of the components supplied to the firm by Electronic Services; work being occasionally rejected by Electronic Services' inspectors and, towards the end of the project, the problem of finding alternative rented premises or raising the finance to rebuild the existing premises.

However, retrospective data indicated that serious difficulties had been experienced by the firm prior to the beginning of the research project. For instance, Coleman had said:

"At one time, when we were making the auto-drum, we owed suppliers nearly £5,000 before we got paid by our customers. It was a desperate situation and we had to plead with our suppliers for time to pay."

In addition, Mrs. Coleman said:

"We had to learn to buy. We didn't realise at first that you don't have to take the first price you get quoted - you have to argue and barter. Buying in electronics is like Feticcoat Lane."

Another problem outlined by Walters had been that of estimating when Electronic Services had initially asked them to quote a unit price for the wiring of circuit boards. He said:

"We hadn't got a clue. We named a price - I can't even remember what it was now - and Electronic Services said it was ridiculous. They told us what it should be. They gave us a time and a price of 17/6d an hour for a standard circuit-board. We always use that board as a measure now for assessing any other job we get from them."

5.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

The firm's financial results, during the period for which they were available, were as follows:

5.12 ORGANIZATIONAL PROFIT GOAL ATTAINMENT

ELECSONICS LIMITED

YEAR	1967	1968	1969	1970
CAPITAL EMPLOYED	£1,206	£1,484	£348	£913
SALES TURNOVER	£8,129	£13,921	£19,070	£22,605
PROFIT (Pre Tax, Post Dep'n)	- £589	- £409	£2,311	£3,125
PERCENTAGE PROFIT RETURN ON CAPITAL EMPLOYED	NIL	NIL	665%	342%

In the financial years 1966-7 and 1967-8, total directors' remuneration was approximately £2,200 in each case, i.e. £1,100 per director. However, in 1968-9 and 1969-70, the joint figure was increased to £5,500, i.e. £2,250 per director.

- 6.0. CONTROL ENGINEERING LIMITED
- 6.1. BRIEF DESCRIPTION OF THE FIRM
- 6.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS
- 6.3. RESEARCH METHOD
- 6.4. ENTREPRENEURIAL GOALS
- 6.5. ORGANIZATIONAL GOALS
- 6.6. LEADERSHIP AND DECISION-MAKING
- 6.7. JOB SATISFACTION
- 6.8. ROLE TIME INTENSITIVITY
- 6.9. BUSINESS IDEOLOGY
- 6.10. ENVIRONMENTAL CONTROL
- 6.11. MAJOR ORGANIZATIONAL PROBLEMS
- 6.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

Control Engineering Limited, a firm designing and manufacturing electronic control equipment, had been formed by Morris Taylor in August, 1965, with a registered capital of £100, and had ceased trading in March, 1969, on the decision of the then largest shareholder, Precision Engineers Limited. The name of Logic Engineering Limited was thereafter bestowed upon one of Precision Engineers Limited's own departments for tax loss purposes only.

In 1965, at the age of 37, Morris Taylor had left his job as Chief Electronics Engineer with a public company, and set up Control Engineering Limited after recruiting an order by tender worth £2,000 from a public firm specializing in electronics defence equipment. In September, 1965, he had been joined by another electronics engineer, William Ives, as an equal partner. Ives had paid £2,500 for his share in the firm, and the registered capital had been increased to £5,000.

During the next 2 years, the entrepreneurs had received 4 offers for the purchase of shares in the firm, all of them from established firms. The first 2 had both been offers for complete control of the firm. The first had proposed total integration of the firm into the aspiring parent organization, whilst the latter had proposed only an infusion of its own management and services. However, the entrepreneurs had rejected both offers on the grounds of the potential loss of independence involved.

In January, 1967, a third offer for shares had been accepted by the entrepreneurs. A Dutch firm had purchased a one-third share in ownership of Control Engineering, and the registered capital had been increased to £7,500. This firm was a supplier to the U.K. sector of Shell International, and its resulting relationship with Control Engineering led to the latter being placed on Shell's tender lists.

In April, 1967, a fourth offer had come from Precision Engineers Limited, a medium-sized private firm of mechanical engineers, who made an

event, Ives had agreed to sell his entire share holding in the firm and, after taking salary owing to him from September 1965, had severed all links with the firm. However, Taylor had retained his share holding. The firm's registered capital was increased to £20,000, of which Precision Engineers held £15,000, whilst Taylor and the Dutch firm had held the remaining £5,000 in equal portions.

Throughout its existence, Control Engineering Limited had operated at a financial loss and, in September, 1968, the board of directors of Precision Engineering had convened an extra-ordinary meeting and requested Taylor's resignation. An Acting General Manager, Brian Hayden was appointed, but left the firm several months later, precipitating an immediate decision by the Precision Engineers's board to merely meet outstanding trading obligations as a prelude to ceasing trading.

After leaving Control Engineering, Taylor had spent 8 months in employment with a firm selling time recorder equipment (a small firm employing 150 personnel), and had then borrowed capital from this firm to begin in business once again producing electronic control equipment. After trading for a year under these conditions, he had, registered and incorporated a second firm - Morris G. Taylor Limited - with Ken Green, a former Control Engineering employee, functioning as Technical Director.

6.2: BIOGRAPHICAL DESCRIPTION OF THE ENTREPRENEURS

Comprehensive biographical data were gathered in respect of Morris Taylor and Ken Green. The researcher was unable to collect biographical data from Ives, though a single communication by telephone had been established. Brian Hayden, Acting General Manager of Control Engineering following Taylor's dismissal, had only been with the firm for a relatively short period of time before making his exit. This had left the researcher with material from 3 meetings only, all of which had been concerned principally with investigating

had contacted the 2 owner-managers of Precision Engineers Limited by telephone, but had not attempted to recruit biographical data. However, in the latter case, some relevant data had been supplied by Taylor and Green.

3.2.1. MORRIS TAYLOR

Morris Taylor was born in 1928, the only child of working class parents. His father had been a skilled printing craftsman, and his mother a nurse. Taylor had been educated at grammar school, and had gained a good matriculation at the age of 14. However, his aspirations to read mathematics at Cambridge University had been curtailed by the death of his father, which had led to him having to leave school and seek employment.

Taylor had entered into an apprenticeship with a large public company, and taken a degree in electrical engineering at a local College of Technology, graduating with second class honours (upper division) at the age of 21. After completing his National Service in the R.A.F., Taylor had returned to industry as an electronics engineer. However, he had experienced a low degree of job satisfaction, which he attributed essentially to a lack of opportunity for identifying with a final product. For this reason, he transferred his employment to the field of electronics research, which he found more satisfying.

In 1959, at the age of 31, Taylor married a hospital consultant of Chinese extraction. By this time, he had already begun to take on orders for the design and manufacture of electronic control panels as a leisure time activity, and claimed that his decision to marry a professional woman had been structured by the need for a sympathetic orientation towards the consequences of his role as an entrepreneur upon his role as a husband.

Early in 1965, the company that employed Taylor as Chief Electronics Engineer had begun to announce redundancies as part of a re-organization scheme, and offered 3 months salary to all personnel who volunteered to be

£500 to continue the consultancy and development work that he had previously undertaken on a part-time basis.

After 3 months in self-employment, during which time he earned £240 from 2 consultancy jobs, Taylor recruited an order by tender worth £2,000 and, in August 1965, formed Control Engineering Limited. Weeks later, he took on William Ives as a partner.

In September, 1968, after an unbroken period of unprofitable trading, the board of directors of Control Engineering Limited had requested Taylor's resignation as Managing Director of the firm. For the next 3 months, he worked as a design engineer for a firm manufacturing time recording equipment before continuing business as an independent entrepreneur financed by working capital loaned from this firm.

Taylor had 3 children, all of whom were attending private schools at his wife's request. The family lived in a residential part of Barnet in North London; entertained lavishly; ran 2 cars and kept an au pair girl in constant residence.

Taylor had attributed his apparently high motivation to succeed essentially to parental influences. His childhood socialization, he claimed, had contained strong parental pressures for his attainment of academic qualifications, in particular a degree. He claimed to have experienced a strong achievement motivation which had stemmed from feelings of deprivation generated when a potentially outstanding academic career had been curtailed by the untimely death of his father. It had been at the time of his father's death that Taylor, formerly a church choirboy, had also adopted atheist views. Neither Taylor nor his wife displayed any strong allegiances towards any social or political groups.

Politics:

- (a) Had always voted Labour,
- (b) As parents had,

- (d) Saw the difference between the 2 major political parties as being based upon their respective claims towards greater administrative efficiency.

Religion: Atheist

Life Style:

- (a) Make of car: Ford Cortina and British Leyland 1100.
- (b) Location and value of house: High Barnet, £9,000.
- (c) Type of school chosen for children: Private schools.
- (d) Holidays taken at: Holidays taken infrequently (about one year in three) in France and Spain.
- (e) Leisure interests: No pronounced interests outside work.
- (f) Membership of clubs and associations: None.
- (g) Principal friends in leisure life:

Occupation

Situation Of Initial Meeting

Electronics Design Engineer

Assistant to Taylor in employment. Later worked for Taylor at Control Engineering Limited, and became Technical Director in Taylor's second firm.

Pipe-line Engineer

Former customer.

International Representative
Investors Overseas Service
(I.O.S.)

Party.

Solicitor

Party.

Sales Manager at time recorder
firm

At time of joining time recorder
firm.

In addition, Taylor entertained customers in his home, either at parties or individually.

6.2.2. KEN GREEN

Ken Green was the only child of a working class family. Born in 1931

working life, his father had been employed as a craftsman toolmaker, and his mother a nurse.

Green had attended grammar school until the age of 16, when he had left to serve an apprenticeship in electrical engineering. During this time, he had studied on a part-time basis and attained a Higher National Certificate. Thereafter, he worked for a series of large electronics firms until he came to work as Taylor's immediate subordinate in their last employment situation before the formation of Control Engineering Limited.

In 1966, Green had joined Taylor at Control Engineering Limited as a project design engineer, on equal status with 2 other project engineers. However, at the time of Taylor's dismissal from the firm in 1968, Green had been appointed Chief Project Engineer and deputy to the then Acting General Manager, Brian Hayden.

When Control Engineering Limited had ceased trading in 1969, Green had joined another large public company until re-joining Taylor in 1970. In September 1970, when Taylor formed his new company, Morris G. Taylor Limited, Green became Technical Director - the only other director besides Taylor himself - in the firm, and took up a 10 per cent shareholding in the firm.

At the age of 39, Green remained a bachelor. He claimed no strong allegiances to any political or social groups.

Politics:

- (a) Had always voted Labour,
- (b) As parents had,
- (c) Claimed to vote as a private citizen rather than as a businessman,
- (d) Saw the difference between the 2 major political parties as being based upon their respective claims towards greater administrative efficiency.

Religion: Agnostic.

- (a) Make of car: Vauxhall Victor (firm's car).
- (b) Location and value of house: Flat in Hampstead £8,500.
- (c) Type of school chosen for children: No children.
- (d) Holidays taken at: Golfing holidays in Spain.
- (e) Leisure interests: Golf.
- (f) Membership of clubs and associations: Golf clubs only.
- (g) Principal friends in leisure life:

<u>Occupation</u>	<u>Situation Of Initial Meeting</u>
Electronics Engineer	Former employment.
Electronics Engineer	Former employment.
Electronics Engineer	Golf club.
Shop-keeper	Golf club.
Teacher	Holiday.

6.2.3. WILLIAM IVES

Ives had severed all contacts with Control Engineering Limited prior to the beginning of the research project. The researcher had secured Ives's address and telephone number from the firm's file at Companies House. However, letters requesting his co-operation in the project had gone unanswered, and the researcher's only contact with Ives had been limited to a subsequent telephone call. However, interviews with other respondents in the firm had yielded some relevant information.

It appeared that Ives was a qualified electronics engineer originating from a well-off business family of solicitors and estate agents. However, prior to meeting Taylor in 1965, he had never before ventured into entrepreneurship. Throughout his association with Control Engineering Limited, he had never drawn a salary, in an attempt to ease the firm's financial problems.

and made a second, and this time successful, entry into entrepreneurship.

3.2.4. BRIAN HAYDEN

Due to Hayden's abrupt exit from the firm, the researcher had gained relatively little biographical data during the interviews that had been arranged.

Hayden was a 34-year-old professionally trained manager and mechanical engineer, who had formerly been employed as an Assistant Section Manager in a large public company. He had formerly had dealings with Control Engineering whilst in his former employment, and had recommended Control Engineering as a supplier on account of the high technical quality of the firm's products. Hayden had also had experience as a salesman and had aspired towards a job as an international salesman with his former employer.

However, his firm had operated a policy of not allowing inter-functional transfers or promotions within the firm. As a result, Hayden had joined Control Engineering as an international salesman. However, he had later applied for a job as an international salesman with his former employer, and been appointed. Whether his strategy of using Control Engineering as a 'stepping stone' was a deliberate one, was never finally established.

3.2.5. ALEXANDER JOSEF AND STANLEY HORTON

Josef and Horton were the joint owner-managers of Precision Engineers Limited. This medium-sized firm of precision engineers had been operating profitably since before the last war. The firm had been formed by Josef (an Hungarian-born Jew) who had left his native country after the First World War. By the beginning of the Second World War, the firm had already been well established, and Josef had sold a 50 per cent interest to Horton in order to be allowed to continue trading under wartime conditions.

By the early 1960's, Josef and Horton had accumulated substantial

Both Precision Engineers Limited and Control Engineering Limited had used the same firm of accountants who had specifically advised Josef and Horton to invest in Control Engineering. Horton said that their accountants had advised them that Taylor and Ives were likely to accept any offer for shares in order to augment their financial difficulties.

6.3. RESEARCH METHOD

The researcher had experienced some difficulty in initially contacting this firm. A first communication by letter inviting co-operation had sponsored no reply. A similar letter 2 weeks later also failed to achieve a response. The researcher subsequently made 2 telephone calls but, on each occasion, the entrepreneur had been absent. However, an assistant took a message and the entrepreneur later made contact, and offered the researcher an initial lunch-time meeting in a local hotel.

Subsequent meetings with the entrepreneur, in his capacity as Managing Director of Control Engineering Limited, were convened during evenings. In each case, an initial semi-structured interview procedure lasting for about an hour was followed by general discussion for about 2 hours in a public bar.

The researcher visited the entrepreneur on 5 occasions during the first 6 months after establishing contact with the firm. Following Taylor's dismissal by the board of Precision Engineers Limited, 5 further meetings were arranged at the firm, 3 with the acting General Manager, Brian Hayden, and 2 with his deputy, Ken Green. Documentary information in this firm was sparse and was limited to workforce absentee figures over a relatively limited period of time.

After the closure of Control Engineering, Ives, (Taylor's initial partner), and Horton (joint owner of Precision Engineers Limited), were contacted by telephone, and the firm's file at the Board of Trade Registry of

The researcher had made tentative approaches to Taylor to assist in contacting Ives. However, their former relationship had been characterized by arguments and conflict, and Taylor said he wanted no further contact with Ives. Further, the researcher's mere inference of wishing to contact Ives had displeased Taylor. As a result, no further mention of this had been made, and the researcher approached Ives, and then Horton, without Taylor's knowledge.

The researcher was unable to question William Ives in any detail. When contacted by telephone, following 2 introductory letters in June, 1969, he had said that he was unfavourably disposed towards research and thought that research in general, and research in management and the social sciences in particular, was a waste of public money. He said he had read British and American based management research studies, and found them all "too theoretical to be of any use to the practical businessman." Further, Ives had said that sociology and psychology were words which were abhorrent to him. He claimed that social science research was of no use to anyone but the researcher, and that he knew many other businessmen who would agree with him. Ives said he didn't consider that a meeting with the researcher would serve any useful purpose because any replies he gave to questions would be "very reserved and meaningless." However, the researcher was able to get Ives to make several comments on Control Engineering and entrepreneurship during the conversation in question.

Meetings were arranged with Taylor at monthly intervals for the remainder of the research project after a gap of 3 months following his dismissal from Control Engineering. One of these meetings was at the entrepreneur's home, and involved the researcher meeting the entrepreneur's wife.

After the closure of Control Engineering, the researcher located a consultant whose services had been commissioned by Taylor at Control Engineering, and a meeting was convened.

A total of 4 people were interviewed directly, and 2 others by

Limited, were examined at Companies House. Thirty-one visits were made in all, involving approximately 73 hours contact time.

6.4. ENTREPRENEURIAL GOALS

6.4.1. MORRIS TAYLOR

Early in 1965, the firm at which Taylor had been employed as Chief Electronics Engineer had begun to announce redundancies as part of a re-organization scheme. They had made an offer of 3 months salary to employees who volunteered to be made redundant. Taylor at that time, had experienced a low degree of job satisfaction. He attributed this partly to the nature of his job, "an engineer working for managers instead of managing myself," and also to conflicts of personality with superiors: "They wanted yes-men and didn't want to know about ideas they hadn't thought of themselves."

Taylor had volunteered to leave the firm, and left with £500 redundancy compensation. He had previously undertaken private consultancy and development work on a part-time basis over a period of 7 years, and, in 1965, had decided to use his redundancy pay to finance a trial period in self-employment.

During a 3 month trial period, Taylor had earned £240 from 2 consultancy design jobs and decided to continue in self-employment. Soon afterwards, he recruited an order by tender worth £2,000, and hired a small premises to form Control Engineering Limited.

Taylor's wife had been consulted on the above decisions and had agreed with her husband. She had traditionally been the principal wage-earner in the family, earning approximately £3,000 p.a. as a hospital consultant, a compared with his £2,000 p.a. as an electronics design engineer. However, at the time of Taylor's departure from his former employment, his wife had been pregnant expecting her third child, and thus his entry into entrepreneurship

had coincided with a period of relative insecurity for his family.

Entrepreneurial Goals At Time Of Entry Into Entrepreneurship

During the early stages of the research project, Taylor claimed to be able to clearly recall his entrepreneurial goals as they had applied at the time of entry into entrepreneurship, and ordered them as follows:

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	20.0
2	Independence	18.5
3	The status associated with being your own boss	14.5
4	Being able to pick the people you work with	11.0
5	Economic rewards	6.5
-	Security	0.0
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

Goal 1: "Finding An Outlet For Personal Abilities"

Taylor said that his principal goal had been that of achieving job satisfaction. Since completing his national service, he said, he had continually changed jobs in a search for attainment of this goal and, at the time of entry into entrepreneurship, the goal had still not been attained but remained essentially an aspiration.

On completing his national service, Taylor had been employed in electronics development work, but claimed to have found his involvement with only a small part of any particular development project dissatisfying. In a search for job satisfaction, he had transferred his employment to the field of electronics research work where he claimed to have experienced increased job satisfaction. However, at that stage, Taylor had begun to consider that he had achieved only "job enlargement" and began to aspire towards becoming an

that, "the only job in a firm worth having was that of Managing Director," and the only way in which he could become a Managing Director was to become an entrepreneur.

Taylor said that, at the time of entry into entrepreneurship, he had anticipated being able to perform his previous function of design engineer and also the functions of manager and salesman - functions which he knew he could not have realistically aspired towards in his previous off-line job. This wide role definition, he claimed, had been seen as the condition of satisfying his goal of finding an outlet for his personal abilities.

Goal 2: "Independence"

Taylor said he considered that, in the final analysis, an entrepreneur couldn't be entirely independent of his environment unless he possessed "a unique product and an unlimited supply of entrepreneurial capital." However, he said, within the limits of independence imposed by the environment, he considered that the entrepreneur possessed a large degree of independence in his work role within the firm. He said that the entrepreneur could choose his own hours of working, select the nature of the work he wished to produce, and had almost complete authority over subordinates and the planning of work procedures.

Goal 3: "The Status Associated With Being Your Own Boss"

Taylor said that this had been his third most valued goal at the time of his entry into entrepreneurship. Further, he said that, whilst he had sought the positive status gratification associated with entrepreneurship, he had also perceived a negative gratification associated with employment, which had been further instrumental in structuring the meaningfulness of this goal:

"It's as much a negative thing with me, because I

an intrinsic and an extrinsic job satisfaction. He said, "When people say, 'What're you doing George?' I say, Oh! I've got my own little business. People envy you being self-employed because you're independent. It's a knock against authority. That's where the status comes in, and that's why people envy pop stars - they don't have to bow and scrape to authority - they can come and go as they like."

Taylor said that status was also an intrinsic job gratification:

"Your own people (employees) admire you for being the highest source of authority for every function in the firm. I used to feel very paternalistic towards my people (employees) which was making the most of the status thing I suppose."

Goal 4: "Being Able To Pick The People You Work With"

Taylor said that this was a realistic goal in a small firm. He said:

"In any large firm like the one I left in 1965, several people will be talking about becoming entrepreneurs. Eventually, one will make the jump and will then employ the others."

However, he said he had realized that, as a firm grew, this form of intrinsic entrepreneurial role gratification became less possible because the entrepreneur had to enter the labour market and employ people he didn't know except on the basis of an interview.

Goal 5: "Economic Rewards"

Taylor said that he had attached a relatively low value to economic rewards as a form of entrepreneurial gratification. This, however, appeared to be because the goal had already been largely achieved outside entrepreneurship. He said that economic rewards was a valued goal only when the joint

This level of income, he said, was required to maintain their existing life-style which included maintaining 2 cars and keeping 3 children at private schools. As Taylor's wife was a hospital consultant earning in excess of \$3,000 p.a., this left Taylor less than \$2,000 p.a. to earn in order to meet the total family income requirement of \$5,000 p.a.

Taylor said he perceived 3 possible life-styles, which he likened to bread, jam, and cream respectively. He likened "bread" to a "work-a-day life-style largely devoid of trimmings." He likened "jam" to "a good life-style and good private education for the children" and, finally, he likened "cream" to "conspicuous luxury." Taylor claimed to possess no motivation to attaining a life-style in excess of that likened to "jam" which he had already achieved.

He claimed that a salary of \$4,000 p.a., would have been within his grasp within 7 to 8 years, if he had remained a professional employee. After the formation of Control Engineering Limited, in accordance with his ordering of goals, he had drawn only \$1,800 p.a. from the firm which, combined with his wife's salary, had yielded a combined income of \$5,000 p.a.

Taylor omitted to claim other goals on the following grounds:

Goal: "Achieving Recognition In The Field Of Management"

Taylor had commented: "Not a hope."

Goal: "Security"

Taylor had considered that the chances for realizing this goal were strictly limited in business, and that this applied particularly to the case of the small businessman.

Goal: "Building Something To Leave To The Son/s"

Taylor said he hadn't considered this goal in making his decision to

The Dilution Of The Equity

Several weeks after the formation of Control Engineering Limited, Taylor had found the firm undercapitalized to cope with the work in hand and had taken a partner, another engineer, William Ives. Ives purchased a half-share in Control Engineering for £2,500 and the registered capital of the firm was increased to £5,000. As the firm expanded, early employees were drawn largely from Taylor's former working colleagues from employment.

Within 2 years of the firm's formation, 4 offers had been made for shares in the firm. The first 2 were rejected completely, and the 2 subsequent offers accepted in varying degrees. The first 2 offers had been made by electronics firms, and were rejected by the entrepreneurs on the grounds that acceptance would have been associated with a total integration of Control Engineering into the parent organization, and a transfer for the entrepreneurs from entrepreneurial to managerial roles.

In January, 1967, an offer for partial control of Control Engineering was made by a Dutch electronics firm. This firm was a supplier of electronic control equipment to Shell International in Britain, and was being put at a competitive disadvantage by import duties. The firm had commissioned an agent to recommend a small firm capable of assembling its equipment in Britain in order to reduce the firm's liability to import duty, and thus increase its competitiveness. The Dutch firm's offer to buy a one-third share in Control Engineering was accepted. The registered capital of Control Engineering was increased from £5,000 to £7,500, the Dutch firm taking up the additional £2,500.

Taylor said his reasons for wanting to accept the above offer had been two-fold. First, the merger was to result in Control Engineering being placed on Shell's tender lists, and being able to quote for the manufacture of technically sophisticated equipment. Second, he said, "the additional

in the research project, said that Control Engineering had in fact, had little choice but to accept the offer for shares in view of its initial under-capitalization and continued failure to make a profit.

The Dutch firm put a director on the board of Control Engineering, but agreed to leave the management of the firm to Taylor and Ives, thus maintaining their independence.

Three months later, in April, 1967, Precision Engineers Limited, a medium sized light engineering firm, made an offer for total ownership of Control Engineering. In the event, Ives sold his shares to Precision Engineers who also paid all salary owing to him (Ives hadn't drawn a salary since joining the firm in order to ease the firm's financial problems). However, both Taylor and the Dutch firm retained their shares on an equity increased to £20,000, with Precision Engineers taking up a £15,000 holding, and Taylor and the Dutch firm holding £5,000 (i.e. 25 per cent) in equal proportions.

William Ives said he had been glad of the opportunity to sell his shares to Precision Engineers Limited, and couldn't understand why Josef and Horton had wanted to buy them. He said he had not been aware, until the researcher had contacted him, that Control Engineering had ceased trading. However, he said he had forecast the firm's failure to survive, and had sold his shares for that reason. He said that, within weeks of joining the firm, he had realized that Taylor hadn't been profit motivated. He said:

"A business can't have an existence without profit - everything else depends on it - Morris had his priorities wrong - he wasn't a manager - if he had been, Control Engineering would have survived."

Ives declined to comment specifically on his entrepreneurial goals. The researcher asked him if he could identify a principal motivating goal and suggested economic rewards, independence, status, and security. Ives said that all of these goals were important to him, but declined to comment further.

Limited.

Taylor considered that the sale of a majority holding to Precision Engineering was unlikely to restrict the attainment of his entrepreneurial goals. He saw his independence as being ensured, partially by an absence of electronics knowhow on the part of Josef and Horton, but also by an undertaking from the latter not to directly influence the running of Control Engineering. In addition, all parties claimed a strong personal compatibility between Taylor and Josef, the dominant personalities in the 2 firms.

Taylor ordered his goals as they applied at the time of the link with Precision Engineers as follows:

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	18.0
2	Independence	15.5
3	The status associated with being your own boss	13.0
4	Achieving recognition in the field of management	11.5
5	Economic rewards	9.5
6	Being able to pick the people you work with	8.0
7	Security	8.5
8	Building something to leave to the sons	8.0

Goal 1: "Finding An Outlet For Personal Abilities"

Taylor said he had still rated this as his most important goal, and said that it was being realized. He said the firm had achieved an annual sales turnover of nearly £100,000, and had produced some very sophisticated products which were beginning to earn the firm a good reputation. Further, he said that the capital put at his disposal by Precision Engineers and a purpose-built factory under construction at Crpington, were expanding his

Goal 2: "Independence"

Taylor said:

"You can't be truly independent unless you're living off a subsistence farm economy but, within the bounds of independence possible in business, I do feel fairly independent. Precision Engineers don't pretend to know much about electronics and don't interfere. I haven't lost control of the destiny of Control Engineering. It's like hiring a chauffeured car - you don't really lose control."

Goal 3: "The Status Associated With Being Your Own Boss"

Taylor said that he still valued this goal very highly. He said that he still regarded himself as being effectively self-employed.

Goal 4: "Achieving Recognition In The Field Of Management"

All interviewers attested towards the existence of a very strong personal friendship between Taylor and Josef of Precision Engineers Limited. This and the fact that neither of the 2 Precision Engineers' directors had a son (Josef had no children and Horton had a single daughter), led Taylor to consider that he might eventually succeed the present directors. He said that running Control Engineering would be his "trial ground for top management."

Goal 5: "Economic Rewards"

During the meeting in question, Taylor made the following statements in a semi-structured discussion on profits:

"My main motivation is to get work and do it well, and hope it doesn't make a loss...I like doing a job well. I always think in terms of the amount of work completed - turnover rather than profit - but I know it's wrong...I

sometimes watch a job go out of the door and grow with pride. Then someone will tap me on the shoulder and say, 'you lost \$3,000 on that'...Profit to me is desirable but not essential...My attitude to profits is silly really because my income is linked with profit. I earned \$2,000 last year and might have got up to about \$5,000 if I'd made a decent profit...I'm becoming more profit conscious now though."

Goal 6: "Being Able To Pick The People You Work With"

Taylor said that he attached a lower value to this goal than he had at the time of entry into business. He said that this was partly because he had already succeeded in attaining this goal in that he had several of his ex-work colleagues from former employment working for him. Further, he said that, at that time, he was having to employ people he hadn't known prior to interviewing them and that, though he had a strong liking for Alexander Josef, Josef had picked him rather than vice versa. Also, he said, he disliked Josef's partner, Stanley Horton, and believed the feeling to be mutual. Taylor said that, as a result of the firm's growth, this goal had ceased to be as realistic as it had been previously, though his basic desire to pick co-workers remained as strong as ever.

Goal 7: "Security"

He said he had formerly regarded this to be an unrealistic goal for the small businessman but now, with the backing of a larger firm, he was beginning to feel secure. He said that Precision Engineers were, "sitting on pots of money" and didn't know what to do with it, and that this both guaranteed him a certain degree of security and gave him reason to aspire to more. He said that, if he made a success of managing Control Engineering over the coming years, he would feel increasingly secure. He added:

"All businessmen aspire towards security but few expect

to ever achieve it. Most of them will tell you they wouldn't have gone into business if they'd been looking for security, but that only means they consider it an unrealistic goal. It doesn't mean they wouldn't like security, or that they don't try to achieve it."

Goal 8: "Building Something To Leave to the Son/s"

Taylor said at this time that he would like to be able to leave a business to his sons.

The Entrepreneur's Continued Independence

During the following months, Control Engineering had continued functioning under the executive leadership of Taylor, with Josef and Horton playing no effective role in its administration. Between April, 1967, and August, 1968, when Taylor was obliged to resign his directorship, only 4 board meetings had been convened. Horton attributed this situation to the demands of his own and Josef's management functions with Precision Engineers Limited, and also to the great personal trust which Josef had placed in Taylor. Both Horton and Taylor affirmed that the function of the few board meetings concerned had been merely to facilitate a transfer of information rather than to make decisions.

The Entrepreneur's Resignation

In the financial year ending August, 1968, Control Engineering Limited had recorded a financial loss of £36,000. During the following month, Josef, Managing Director of Precision Engineers Limited, had requested Taylor to attend an interview with one of Josef's electronics entrepreneur friends (both were Hungarian Jews and had left Hungary during the First World War). The interview, which Josef had also attended, consisted of a 4 hour discussion of business management. Taylor had left the meeting with the feeling that he had "failed to impress" his interviewer.

manager from a public company. Hayden had been offered employment with Control Engineering as a salesman and, at the same time, had been requested by Josef to submit a detailed report on Control Engineering's business operations. In the event, he had reported Taylor's "failure to apply even rudimentary principles of management," and "the firm's unnecessary overhead cost burden of a premises more than twice large enough to meet the firm's current level of production commitments."

During September, the Precision Engineers' Board of Directors had convened a series of board meetings followed by an extra-ordinary board meeting which resulted in a request for Taylor's resignation from the firm, and the appointment of Brian Hayden as Acting General Manager.

Taylor requested to be allowed to remain in the firm as an employee until the firm's outstanding projects, all of which were between 2 and 6 months overdue on delivery, were completed. This request was refused. However, through his personal association with Ken Green (a former working colleague of Taylor's), Taylor was able to learn of the progress of outstanding projects, and later visited the firm to be able to examine a technologically advanced piece of equipment which he had originally been commissioned to produce for Midland Counties. Two days later, he had received a letter from Precision Engineers's Company Secretary rebuking his action, and threatening legal action in the event of any further visits to the firm.

Hayden said:

"I think Morris(Taylor) was surprised to see the firm carrying on without him. I think he felt that Precision Engineers might someday break with the firm, but he never dreamed that Control Engineering would carry on without him. Morris lived for the firm above all else, and expected everyone else to do the same. He expected them to attend the frequent parties he used to give for customers, and thought they ought to live and breathe Control Engineering just as he did."

He said that, though Josef had had a strong personal liking for Taylor and vice-versa, he himself had always disliked Taylor - a feeling which he said had again been mutual. Horton said:

"We, (Precision Engineers Limited), gave Taylor almost complete independence to our cost...I didn't like Taylor from near the beginning, and suggested closing the firm and cutting our loss, but Mr. Josef liked him personally, and wanted to give him a chance. I went along for the sake of harmony."

Horton said that Taylor had, "failed to exercise any sense of business self-discipline," and had not been as much concerned with operating paperwork systems and proper wages structures as effective execution of his role as a manager demanded. Further, he claimed that Taylor hadn't paid sufficient attention to, "what management is about - making money (profit)." He continued:

"He, (Taylor) thought he was a brilliant engineer, and was always taking 'one-off' jobs, trying to do the Rolls-Royce impossible."

Horton said he had seen the "inevitability of Control Engineering's failure" before Josef:

"I could see the firm sinking but wanted to give him (Taylor) the independence to carry on in his own way and fall all the sooner."

Taylor Back In Employment

At the beginning of 1969, the researcher again established contact with Taylor, who was by then doing consultancy design work for 3 small electronics firms. He was working between 60 and 70 hours per week at a drawing board earning 30 shillings per hour. He said that small electronics firms couldn't afford or justify the full-time services of a good design engineer,

get as much of this work as he wished, and, throughout January, earned at the rate of approximately \$100 per week, i.e., more than twice the rate at which he had earned money as Managing Director of Control Engineering.

At this time, Taylor ordered his goals as follows:

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Economic rewards	20.0
2	Independence	16.0
3	The status associated with being your own boss	9.5
4	Finding an outlet for personal abilities	7.5
5	Security	4.0
--	Being able to pick the people you work with	0.0
--	Achieving recognition in the field of management	0.0
--	Building something to leave to the son/s	0.0

Goal 1: "Economic Rewards"

Taylor said that a bill presented to him by Precision Engineers Limited (for re-payment of money previously claimed by Taylor as personal expenses, but unsubstantiated by accompanying receipts/paperwork, etc.) had made him very short of money, and was challenging his family's standard of living. Family income after payments to Precision Engineers was below \$5,000, and he repeated his former claim that economic rewards was his prime motivation until his gross family income exceeded \$5,000.

Goal 2: "Independence"

Taylor said he valued independence very highly, but didn't feel as independent as he had done at Control Engineering. He said that, in-so-far as independence meant staying out of an employer-employee situation, it was

have failed."

Goal 3: "The Status Associated With Being Your Own Boss"

Taylor said that he valued this goal very highly, and was still self-employed but, "that's not the same as having your own business."

Goal 4: "Finding An Outlet For Personal Abilities"

Taylor said that, again, this goal was still highly valued by him, but that it looked unlikely to be fulfilled in the immediate future. He said his current consultancy design work was "hack" work, where he did the drawings but never saw the final product.

Goal 5: "Security"

Taylor said he had realized that he could have security outside of normal employment. He said his security was vested in the fact that he could get as much consultancy design work at thirty shillings per hour as he wanted. Security, he said, was something he wanted to achieve on behalf of the family and, if he ever went into entrepreneurship again, he would have to seek security again in a different situation to the present. He said that, in any future business, security would be more difficult to achieve than in his current role as a consultant:

"My security lies outside business -in my wife's income and the knowledge that I can always earn thirty shillings an hour doing design work on a drawing board for other people. I'd need a long period of success in business to give me security as an entrepreneur."

Goals Not Claimed:

Goal: "Being Able To Pick The People You Work With"

Taylor said that he liked to select his co-workers but couldn't at

that time, and so hadn't stated the above as a goal.

Goal: "Achieving Recognition In The Field Of Management"

Taylor said:

"I've failed as a manager and don't expect this form of achievement. I've failed because I look for maximum engineering honours rather than minimum economic cost. I'll never make a fortune because of this, and so I'll never become a distinguished manager on my own account. The difference between the old and new G.E.C. is going to be profits rather than employing better engineers. I would value this form of recognition more than anything else, but probably won't ever sacrifice other things for it - things that are more positively within my grasp. It's a case of a bird in the hand."

Goal: "Building Something To Leave To The Son/s"

Again, Taylor had decided not to claim this as a goal on grounds of improbability of achievement.

During February, 1969, Taylor received 2 offers of jobs. The first had come from the smallest of the firms in which he had been engaged in consultancy work. This firm had employed 13 personnel, and had offered him the role of Technical Director at a salary of £3,000 p.a. He said he had rejected the offer because the firm had been similar to Control Engineering. He said that the scarcity of management skills and lack of attention to profitability would probably lead to the firm's failure.

The second offer had been made by a firm selling time recording equipment, and had been accepted. Taylor said the firm had offered him a development contract at £2,000 p.a. with the promise of consideration for a Technical Directorship within the coming months. When asked, Taylor said that

contract. He chose not to elaborate on this situation. However, during a visit to the firm in March, the researcher met the firm's Sales Director who supplied him with an authority chart of the firm. This described Taylor's role as 'Manager : Systems Division', and confirmed that Taylor was, in fact, an employee of the time recorder firm.

At the end of February, 1960, Taylor ordered his goals as follows:

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	19.0
2	Economic rewards	16.5
3	The status associated with being your own boss	9.0
4	Security	8.5
5	Achieving recognition in the field of management	7.5
-	Independence	0.0
-	Being able to pick the people you work with	0.0
-	Building something to leave to the son/s	0.0

Taylor said that the goal of economic rewards was beginning to decline in value because he had paid off most of his debts to Precision Engineers, and his family's gross income had once again, reached \$5,000, all of which could once again be used to finance a desired life style rather than meeting debts. Further, expectations of a Technical Directorship with the time recorder firm had increased his expectations of attainment of the goals of security and management recognition, and increased the values stated for them.

For the next 2 months, April and May, the researcher was unable to contact the entrepreneur. However, at the next meeting in June, Taylor appeared very tired and depressed. He said:

"The time comes when you've got to admit you're a

a jungle. I can see no way out."

He said that his job had failed to match his former expectations of it. He considered that the firm was not progressive. He said that he had been employed to develop complex timekeeping systems for large firms, as opposed to the simple systems which the firm had traditionally produced for small firms. However, he said, once the firm had realized the likely cost, they had lost enthusiasm for the idea, which had destroyed the sense of challenge in his job and diminished both his importance within the firm, and his chances of a Technical Directorship along with it.

When the researcher presented him with an entrepreneurial goal questionnaire, he said:

"Christ Jon, I couldn't face that again. My mind's a jungle. I don't know what I think."

Taylor said that his failure was a source of embarrassment to him in the face of the success of his wife and their mutual friends and acquaintances. He said:

"She, (his wife) chose me as a good bet to put her money on as a likely success in life. She lives in a world where all her friends and acquaintances are eminently successful. I was doing alright until a few months ago. I was making my way at Control Engineering, paying the bills and happy as a sandboy, but now I've failed."

Taylor said that he was emotionally confused, and that this had led his wife to invite one of her psychiatrist friends, ("her tame psychiatrist") to stay with them for a weekend recently. Taylor said that this had been a great help to him.

The Entrepreneur's Re-Entry Into Entrepreneurship

By July, 1969, the management of the time recorder firm had de-

Taylor's employment. However, they agreed to rent him premises, and to loan his working capital to finance his return into entrepreneurship. This they did subject to certain restraints on his actions, i.e., enforcing the use of paperwork systems.

At this stage, he ordered his goals as follows:

<u>Order</u>	<u>Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	14.5
2	Independence	13.0
3	Economic rewards	11.5
4	The status associated with being your own boss	8.0
5	Being able to pick the people you work with	6.5
6	Security	4.5
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

Goal 1: "Finding An Outlet For Personal Abilities"

Taylor said that this goal had been in some degree curtailed by the Managing Director of the time recorder firm, who vetted jobs before Taylor was allowed to tender for them. Further, he was unable to quote low prices in order to gain an advantage in competing for orders for the manufacture of technically sophisticated equipment. As a result, Taylor said, he found that most of his work presented little challenge to his considered personal abilities.

Goal 2: "Independence"

Taylor said that this goal was also being circumscribed by the Managing Director of the time recorder firm, who was enforcing observance of administrative procedures as a condition of releasing working capital.

Taylor said he was drawing a salary of £2,000 p.a. from his business activities, which he would be satisfied to maintain.

al 4: "The Status Associated With Being Your Own Boss"

This goal continued to be valued.

al 5: "Being Able To Pick The People You Work With"

Taylor employed 3 personnel, all of whom had worked for him previously, both in previous employment and at Control Engineering Limited.

al 6: "Security"

Taylor said he had attained security via his ability to do consultancy design work. He said he felt some security also from his wife's employment, but relatively little from his relationship with the time recorder firm.

In September, 1969, at the time when Taylor was developing his second business, a party was convened at the entrepreneur's house essentially for the purpose of providing the researcher with an opportunity to meet the entrepreneur's wife. The party lasted for 7 hours, during which, the researcher spent one hour talking to the entrepreneur's wife, Mrs. Taylor.

Mrs. Taylor, a hospital consultant, said that she thought her husband had inherited his motivation for entrepreneurship from his father who had always stressed the desirability of self-employment. She said that, even at the time of first meeting her husband 9 years previously, he had been constructing commissioned electronic equipment in a rented garage in his leisure time, and that he had spent most of his leisure time on the project in the early weeks of their relationship, and had sometimes asked her to assist him.

Mrs. Taylor said she thought that her husband had married a professional woman as a matter of policy in order to relieve himself of some of the

with marriage.

Mrs. Taylor said she was uncertain of the rewards that her husband sought in his role as an entrepreneur, but said that he was a more contented man to live with when he was working for himself than when he was in employment. She said that he had always disclaimed any strong economic motivation, which she found hard to believe. She said:

"You can't be a boss unless you can pay wages, and you can't do that unless you can make profits. I hope he realises that now."

Mrs. Taylor said she regarded her husband as an exceptionally intelligent man who had had a lot of bad luck. She said he was a "discoverer" and an "initiator" rather than a man with an orientation towards pedantic detail, and was better at starting projects than carrying them out. She said he had always been very influenced by people like Walter Scott and, had, likewise, had always wanted to be recognized as outstanding in his field. She said he was highly motivated to achieve the outstanding, the exceptional, rather than the ordinary.

She said that she considered her husband to be too outspoken to make a great success in employment. She said he didn't respect authority and passed judgement on people when it wasn't politic. She said that, when he had started his final job in employment, he had initially been very optimistic, but had become disillusioned when the firm had refused to adopt his new ideas, and that, again, he had been interested in innovation and exploration rather than repetition and bureaucracy, which were the principal elements of most jobs in employment.

As guests began to leave the party, the entrepreneur approached the researcher and said that the "story of his life" had been one of narrowly missing fame. He said that the most exciting event in his life had been when Col. John Hunt (leader of the Everest expedition) had told him:

"Morris, if we take a radio engineer to Everest with us, it'll be you! I was the best radio engineer he knew. But they didn't take a radio engineer, and when I met him again at Cranfield 6 months later, he didn't recognize me, and I didn't have the guts to remind him of who I was."

The above ordering was maintained throughout most of the remainder of the research project except that the goal of "being able to pick the people you work with" was upgraded to position 4 when Taylor began to expand his activities and took on 7 ex-Control Engineering employees - including Ken Green.

For a year, Taylor had operated on a self-employed basis, buying and selling through the time recorder company which financed his operations for a 10 per cent commission on all orders financed.

Throughout this year, Taylor had recruited orders for electronic control panels - mostly from Shell International for use on sea gas rigs. Throughout this time, he had continually increased the scale of his operations and recruited staff in order to cope with the increased volume of work. Of 7 staff recruited in the first year of operations, 6, including Ken Green, had been former employees of Control Engineering Limited.

During the first year in operation, Taylor had achieved a sales turnover of £47,000 and a profit, after payment of commission, of approximately £11,200. This was the first profitable years trading ever achieved by Taylor. This time, paperwork procedures had been adopted in estimating, job costing, controlling cash flow and financial budgeting. Further, work had been recruited on a purely economic basis rather than on the basis of technical challenge and prestige. However, the firm appeared to have maintained high technical standards. Both Taylor and Green claimed that the firm's staff, all of them hand picked, were highly competent at their work. Taylor, Green, and one other member of staff had been qualified engineers. In addition, Taylor had employed 4 wiremen and a tracer. All 8 personnel had continued to claim a

had been planned before their construction, and never scrapped in the light of subsequent ideas for improvement (in contrast to the practice adopted at Control Engineering Limited).

Green claimed that Shell International, in negotiating contracts for sea gas rigs, had only a very limited range of suppliers from which to choose, as a result of the high technical standards of work required. He said that the firm's competitors, for the most part, employed only wiremen and no engineers, and were thus unable to cope with deficiencies in Shell's circuit drawings.

Taylor again worked a 70-80 hour week, often spending weekends and bank-holidays at work. Taylor's employees corroborated his dedication to his work. The chief wireman claimed to have asked Taylor why he worked such long hours. Taylor had replied:

"It (the firm) is my work, leisure and my hobby.
You do what you like in your leisure and I choose this
(work)."

On the announcement of the £11,200 profit at the end of his first financial year, Taylor had registered and incorporated a new firm - M.G. Taylor Limited, with a registered capital of £100. He ordered his goals at this time as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	20.0
2	Independence	17.5
3	Economic rewards	14.5
4	Security	12.0
5	The status associated with being your own boss	9.5
6	Being able to pick the people you work with	9.0
7	Achieving recognition in the field of management	7.0
8	Building something to leave to the son/s	5.5

since the time of his second entry into entrepreneurship. The principal changes were the upgrading of the goal of security, and the claiming of the goals of management recognition and building for the son/s. He had taken about £3,000 out of the firm for his personal use which, combined with his wife's salary, had satisfied his desire for economic rewards.

6.4.2. KEN GREEN

Green ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	18.0
2	Independence	16.5
3	Economic rewards	15.5
4	Being able to pick the people you work with	14.0
5	Security	10.5
6	Achieving recognition in the field of management	7.0
-	The status associated with being your own boss	0.0
-	Building something to leave to the son/s	0.0

Green said that the opportunities for the attainment of goals 1,2 and 4 respectively, were substantially higher in small firms than in larger firms. This, he claimed, was his reason for attributing relatively high values to the goals in his present work situation. The goal of security, he said, was one which he desired to attain, but saw as being unlikely to be attained in an industrial situation. The 2 goals not claimed were rejected on the basis of the absence of opportunities for attainment - he was not an owner-manager and had no sons.

6.4.3. BRIAN SAYCE

Sayce had ordered his goals as follows:

1	Security	19.0
2	Independence	16.0
3	Achieving recognition in the field of management	14.5
4	Economic rewards	14.0
5	Finding an outlet for personal abilities	9.5
6	Building something to leave to the son/s	4.5
-	Being able to pick the people you work with	0.0
-	The status associated with being your own boss	0.0

6.5. ORGANIZATIONAL GOALS

Control Engineering Limited's Organizational Goals During Morris Taylor's Period As Executive Managing Director

During his time as Managing Director of Control Engineering Limited, Morris Taylor ordered the goals of the organization as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	18.5
2	To provide the market with goods and services	13.0
3	To make a profit as a return on capital invested in the firm.	6.5
-	To provide employment for employees	0.0

Goal 1: "To Provide Employment For The Owner/s"

Taylor said that the principal goal of the firm was to maintain himself in self-employment. He said that this was the essential condition of realizing his entrepreneurial goals.

Goal 2: "To Provide The Market With Goods And Services"

Taylor said that his aim from the time of his entry into business was to be, "the most responsible supplier of specialist electronic equipment in

the petro-chemical and allied industries." He said he didn't want to be the cheapest or the most profitable supplier, but the most responsible. He said that he always constructed a piece of equipment in the best way he could think of, and carried out extensive and costly testing procedures on finished equipment that other manufacturers would not have adopted.

Goal 3: "To Make A Profit As A Return On Capital Invested In The Firm"

Taylor said that the only reason he wanted to make a profit at all was to finance the expansion of the firm. He said that profit wasn't the principal reason for the firm's existence.

Goal: "To Provide Employment For Employees"

Taylor said that this was not an organizational goal. He said that the relationship between employer and employees was purely contractual:

"You're not doing anyone a favour offering them a job. They can walk out of one job into another without any trouble."

Ken Green's Perception Of The Organizational Goals Observed By Morris Taylor

Ken Green had had a prolonged acquaintance with Morris Taylor, having worked for him at Control Engineering since 1st. January, 1967, and having previously been his immediate subordinate (Chief Design Engineer) in previous employment, whilst Taylor had been Chief Engineer. After Taylor's departure from Control Engineering, Green had been asked to order the organizational goals of Control Engineering as he derived them from Taylor's actions. (At this time, Green had been deputy acting General Manager). He ordered Control Engineering's previous organizational goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	19.5

	in the firm	9.5
3	To provide the market with goods and services	6.5
-	To provide employment for employees	0.0

Green said that, before anything else, Taylor had wanted to be self-employed, and that the firm had existed for that reason more than any other. He said that, in previous employment, Taylor had "always wanted to do things in his own way, and had been outspoken in his opinions of other people." He said that Taylor was a person who sought "self-expression and independence" of action above all else in life, and that he had set up Control Engineering in order to achieve that situation. Further, Green said that, having achieved this situation, Taylor's policy had always been that of establishing himself as the best supplier of electronic equipment in his field. He said he didn't think that Taylor had done this for altruistic purposes but, rather, in order to express himself and gain recognition in the field.

Green said:

"The work we've done here is very good - most of it better than it needed to be. We got cut price jobs and he (Taylor) insisted on doing them well. We turned out Rolls Royce style jobs for the price of a Ford."

Green said he considered that profit must be the principal goal of any firm which was to survive.

Brian Hayden's Definition Of Control Engineering Limited's Organizational Goals

Within a month of Brian Hayden's appointment as acting General Manager, he ordered the organization's goals, as he perceived them at that time as follows:

1	To make a profit as a return on capital invested in the firm	17.0
2	To provide the market with goods and services	9.5
3	To provide employment for employees	4.0
-	To provide employment for the owner/s	0.0

Ken Green's Perception Of The Organizational Goals Observed By Brian Hayden

Green said that the organizational goals persued by Hayden were certainly different to those previously persued by Taylor. He said:

"Hayden is being judged as a manager and has to be successful in terms that everyone understands and accepts. He's got to run the business on a sound economic footing."

He ordered the organizational goals which, he considered, were observed by Hayden as Acting General Manager, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the organization	18.5
2	To provide the market with goods and services	5.5
-	To provide employment for employees	0.0
-	To provide employment for the owner/s	0.0

Organizational Goals On The Entrepreneur's Re-Entry Into Entrepreneurship

At the time of Taylor's re-entry into entrepreneurship, he had ordered the goals of the firm as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	15.5
2	To make a profit on capital invested in the firm	13.0

PROFIT (Appendix I. C.11)(i) Function Of Management)

Taylor said he considered that the function of management, as determined by the organization and the "expectations of the business fraternity" rather than the personal requirements of the manager, was defined by questionnaire alternative (a), i.e., profit maximization.

(ii) Policy On Profits

Asked what he actually did about profits, Taylor chose the questionnaire alternative (b), i.e., attempt to "attain a level of profit consistent with the attainment of personal (entrepreneurial) goals."

(iii) Determination Of An Acceptable Level Of Profit

Presented with this questionnaire, Taylor chose alternatives 'k' and 'a' and 'd' in that order.

(iv) Justification Of Profit

Taylor chose questionnaire alternative (c), i.e., a just reward to the firm for it's services to society in providing goods and services. (S.R.)

PRICING

Taylor said that, at Control Engineering, he had often quoted deliberately low prices as a policy for recruiting work of a technically chall-

enging nature. However, following his second entry into entrepreneurship, he had quoted prices based upon strictly commercial considerations.

GREEN AND HAYDEN'S ATTITUDES TOWARDS PROFIT

(i) Function Of Management

Both Green and Hayden had considered the function of management to be adequately described by questionnaire alternative (a), i.e., profit maximization.

(ii) Policy On Profits

Both of the respondents claimed to have experienced little or no autonomy in their industrial roles to pursue a policy other than that described by questionnaire alternative (a), i.e., that consistent with profit maximization.

(iii) Determination Of An Acceptable Level Of Profit

Green had chosen questionnaire alternatives (a) and (b) in that order, whilst Hayden had chosen alternatives (b), (c), and (h) in that order.

(iv) Justification Of Profit

Both Green and Hayden chose questionnaire alternative (b), i.e., "A just reward to the firm for it's services to society in providing goods and employment (L.T.C.I.)"

PRICING

Green and Hayden both claimed to subscribe towards a policy of pricing on the basis of strict adherence to commercial considerations.

Between December, 1964, and September, 1965, one month after Control Engineering had been registered as a company, Morris Taylor had occupied the sole managerial role in the firm.

For the next 16 months, control of the firm had been shared between Morris Taylor and William Ives. Both had claimed an absence of any formal management meetings, and said that ideas had been discussed and decisions made on an informal basis. Taylor said that they had argued a great deal about technical detail. He said that Ives had possessed a higher profit motivation than himself, and had favoured less technical sophistication on the basis of it entailing costs which customers weren't willing to meet. However, Taylor said that he himself had usually got his own way. Further, Taylor said he thought that Ives would have accepted the second offer for shares in the firm if he himself had been willing to accept. However, the organization concerned had made complete control a condition of their offer, and so Ives had not attempted to sell his shares independently.

Taylor said that both he and Ives had later agreed to sell shares to the Dutch firm with few reservations and, when Precision Engineers had made an offer for control, Ives had willingly sold his shares whilst Taylor had agreed to dilute the equity to give Precision Engineers a controlling interest.

Thereafter, though formal control of the firm was vested in a board of directors, comprising Taylor, the 2 Precision Engineers directors, and a director of the Dutch firm, effective executive control was vested solely in Taylor. Both Taylor and Horton (Director of Precision Engineers) confirmed that board meetings had been convened at 3-4 monthly intervals, and that their essential purpose was that of transferring information of the firm's functioning from Taylor to the non-executive directors.

Towards the end of 1967, Taylor told a meeting of the board that

competitive tender prices had to be based on a maximum figure of 28/-. He had told the other directors that he was considering the alternatives of functioning as a small firm in a smaller premises on the one hand, and increasing sales turnover to dilute the overhead charges in the existing premises on the other. He said that he alone had decided upon the latter course of action.

In the spring of 1968, Taylor, again on his own initiative, made a decision to produce electronic gaming tables, which subsequently proved a costly failure. He said that, at the time of making the decision, Josef and Horton had registered their disapproval, but hadn't challenged his decision-making authority.

At no time during the life of Control Engineering had Taylor appointed a deputy with authority to participate in decision-making or make decisions in his absence, nor had he convened any meetings of staff for decision-making purposes.

The following Control Engineering employees plus Keith Gibson, a management consultant who had worked at the firm, completed the questionnaire on the entrepreneur's leadership style:

<u>Role Held</u>	<u>Role Occupant</u>	<u>Perception Of Leadership Style Adopted By The Entrepreneur.</u>
Acting General Manager	Brian Hayden	Autocratic
Project Engineer (later Chief Project Engineer and Deputy Acting General Manager.	Ken Green	Autocratic/Persuasive
Project Engineer	Paul Brooks	Autocratic
Project Engineer	Edward MacKay	Autocratic
Electronic Engineer	William Elliot	Autocratic
Mechanical Design Engineer	Stephen Robins	Autocratic
Management Consultant	Keith Gibson	Autocratic

All 7 respondents had considered the entrepreneur's leadership style to be essentially autocratic.

Gibson said that Taylor was "non communicating" and "non trusting."

He said:

"I was always very anxious about telling him anything he didn't know. I always phrased statements to infer that he already knew what I was telling him, and that I was merely reminding him - otherwise he saw it as a challenge to his authority."

Gibson said that Taylor had failed to delegate and failed to define employees responsibilities, and that, as a result, he had often stayed at work until 11 o'clock at night, performing menial tasks which could quite easily have been delegated to other people.

Ken Green (Project Engineer and later Chief Project Engineer)

Green said that Taylor had never consulted colleagues or delegated authority in decision-making. He said that he and other staff had only become aware of the first 2 offers for shares in the firm one month before Taylor had left the firm. Further, the decision to sell shares to Precision Engineers Limited had been made by Taylor and then announced to senior staff. He said that Taylor had merely said that Precision Engineers were the "right people to be with" (Persuasive Style).

Green said that he and other specialist staff had thought that Taylor should have rented out up to half of the firm's premises, but had not been consulted in the decision to do otherwise. Also, he said, the engineering design staff had realised the potential dangers involved in Taylor's decision to make gaming tables, but had not been consulted for their opinions. He said that the firm's competitors in this field had employed female labour at 6/- per hour, which meant that Control Engineering could not possibly compete with its highly paid specialist staff.

Further, Green said that Taylor had refused to delegate authority

and Taylor had continually scrapped them, and dictated alternative design approaches. He said, "Morris wouldn't delegate, and we argued seriously over this." Further, he said that, several weeks before Taylor had been dismissed from the firm, he and 2 other senior staff had convened an informal meeting to discuss this situation when Taylor had entered the room. Green said they had then told him that they were discussing his reluctance to delegate authority. He said:

"We told him it was no use paying us \$7,000 p.a. (between them) if he was going to dictate every move we made. We said we must be left alone to get on with the job. We had reached a point where we had stopped saying what we really thought about projects, but said what we thought he would agree with."

Green said they had also told Taylor that he should appoint a deputy to make decisions on jobs in his absence (he referred particularly to Taylor's frequent absence from work during the initial 2-3 hours of the working day).

Brian Hayden (Acting General Manager Succeeding Taylor)

On assuming the role of acting General Manager, Hayden immediately appointed Green as his deputy. Hayden said:

"Taylor is a very dominant personality - he won't deploy - he's best working in isolation or in a small group."

Hayden said he thought that Taylor would probably start another business, and could succeed as long as he didn't employ more than 5 or 6 personnel. He said:

"He (Taylor), could win the unflinching admiration and loyal service of a very small workforce, but must never again expand to the point where delegation is required."

6.7.1. MORRIS TAYLOR

Job Situation

Job Satisfaction

BRIAN SAYCE

In employment prior to the formation of Control Engineering Limited

Moderate to Low (3)

In self-employment at Control Engineering Limited

Very High (7)

In self-employment financed by the time-recorders firm

High (6)

Taylor said that his job satisfaction in the latter situation was lower than it had been at Control Engineering because he was unable to achieve the same degree of attainment of his principal entrepreneurial goals. He said that his goal of independence had been in some degree curtailed by economic constraints on his actions. Further, his most valued goal of "Finding an outlet for personal abilities" had been curtailed partly by his reluctance to undertake the sort of technically complex projects on which he had lost money previously, and also partly by the decreased amount of time he was able to devote to the design and engineering aspects of his firm's work, structured by the necessity for him to devote an unprecedented amount of time to paper-work and administration.

6.7.2. KEN GREEN

Job Situation

Job Satisfaction

In outside employment

Moderate (4)

Working for Taylor

Moderate to High (5)

6.7.3. BRIAN SAYCE

Job Situation

Job Satisfaction

In previous employment

Moderate (4)

As Acting General Manager of Control Eng.Ltd.

High (6)

3.8.1. NORMIS TAYLOR

Taylor worked an average of between 12 and 14 hours a day on 6 or 7 days a week. His average working week was between 70 and 90 hours. Taylor said that his absence from the home often caused stress, and engendered feelings in his wife that she had lost her attraction for him, though this was not in fact the case.

Mrs. Taylor said she knew her husband thought that her own role as a professional woman sheltered her from feelings of deprivation resulting from his infrequent presence in the home. However, contrary to her husband's claims, she said that her professional role provided only a partial shelter from such feelings and that she missed her husband's presence in the home, which was often limited to an hour a day.

3.8.2. KEN GREEN

Ken Green claimed to have worked 37½ hours per week in outside employment, but 45-50 hours working for Taylor.

3.8.3. BRIAN HAYDEN

Hayden claimed to have worked an average of 45-50 hours in employment, but 55-60 hours when working for Control Engineering Limited.

6.9. BUSINESS IDEOLOGY

6.9.1. NORMIS TAYLOR

Taylor's answers to Nichols's Forced-Choice Questionnaire were as follows: Taylor's answers to Nichols's Forced-Choice Questionnaire were as

Subject Group

Ideological Set

Redundancy

Social Responsibility

(SA)

Information

Social Responsibility (SR)

Public Life

Laissez-Faire (LF)

Profit (Appendix 1. 0.11)

(iv) Justification of profit:

(c) A JUST REWARD TO THE FIRM FOR IT'S SERVICES TO SOCIETY IN PROVIDING GOODS AND EMPLOYMENT (S.R.)

Relations With Employees (Appendix 1. 0.12.)

(i) Employees relationship with the firm:

(b) MUTUAL BENEFIT (L.T.C.I.)

(ii) Dependence of the local labour market on the firm for employment:

(c) MINIMAL

(iii) Expansion In An Industrial Development Area:

(a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)

(iv) Policy on Firing in a Development Area:

(c) MORE RELUCTANT TO FIRE PERSONNEL (S.R.)

Relations With Customers (Appendix 1. 0.13.)

(i) Policy on finding a more rewarding outlet for capital employed:

(c) CONTINUE TO SUPPLY EXISTING CUSTOMERS (S.R.)

(ii) Dependence of customers on the firm:

(d) NOT VERY DEPENDENT

Relations With National Government (Appendix 1. 0.14.)

Role of Government in Industry:

(b) TO CREATE AREAS OF CERTAINTY IN THE ECONOMY FOR BUSINESS FIRMS (L.T.C.I.)

Co-operation through employers organizations:

(b) MUTUALLY USEFUL (L.T.C.I.)

6.9.2. LEN GREEN

Green's answers to Nichols's Forced-Choice Questionnaire were as follows:

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Laissez-Faire (LF)
Purpose	Long-Term-Company-Interest(LTCI)
Information	Long-Term-Company-Interest(LTCI)
Public Life	Laissez-Faire (LF)

Profit (Appendix 1. 0.11)

(v) Justification of profit:

(b) A REWARD FOR THE SURVIVAL OF THE FIRM IN THE FACE OF THE RISKS AND UNCERTAINTIES FACING BUSINESS FIRMS. (L.T.C.I.)

Relations With Employees (Appendix 1. 0.12.)

(i) Employees relationship with the firm:

(b) MUTUAL BENEFIT (L.T.C.I.)

(ii) Dependence of the local labour market on the firm for employment:

(c) MINIMAL

(iii) Expansion In An Industrial Development Area:

(a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)

(iv) Policy on Firing in a Development Area:

(b) MUTUAL BENEFIT (L.T.C.I.)

- (i) Policy on finding a more rewarding outlet for capital employed:
- (b) MUTUAL BENEFIT (L.T.C.I.)
- (ii) Dependence of customers on the firm:
- (c) PARTIALLY DEPENDENT

Relations With National Government (Appendix I. 0.14.)

Role of Government in Industry:

- (b) TO CREATE AREAS OF CERTAINTY IN THE ECONOMY FOR BUSINESS FIRMS (L.T.C.I.)

Relations With Employers Organizations (Appendix I. 0.15.)

Co-operation through employers organizations:

- (b) MUTUALLY USEFUL (L.T.C.I.)
- (ii) Dependence of customers on the firm:
- (d) NOT VERY DEPENDENT

6.9.3. BRIAN HAYDEN

Hayden's answers to Nichols's Forced-Choice Questionnaire were as follows:

<u>Subject Group</u>	<u>Ideological Set</u>
Redundancy	Long-Term-Company-Interest (LTCI)
Purpose	Long-Term-Company-Interest (LTCI)
Information	Long-Term-Company-Interest (LTCI)
Public Life	Long-Term-Company-Interest (LTCI)

Profit (Appendix I. 0.11)

- (v) Justification of profit:
- (b) A REWARD FOR THE SURVIVAL OF THE FIRM IN THE FACE OF THE RISKS AND UNCERTAINTIES FACING BUSINESS FIRMS (LTCI)

- (i) Employees relationship with the firm:
 - (a) CONTRACTUAL (L.F.)
- (ii) Dependence of the local labour market on the firm for employment:
 - (c) MINIMAL
- (iii) Expansion In An Industrial Development Area:
 - (a) ON PURELY COMMERCIAL CONSIDERATIONS ONLY (L.F.)
- (iv) Policy on Firing in a Development Area:
 - (a) LESS RELUCTANT (L.F.)

Relations With Customers (Appendix I. 0.13.)

- (i) Policy on finding a more rewarding outlet for capital employed:
 - (b) MUTUAL BENEFIT (L.T.C.I.)
- (ii) Dependence of customers on the firm:
 - (d) NOT VERY DEPENDENT

Relations With National Government (Appendix I. 0. 14)

Role of Government in Industry:

- (b) TO CREATE AREAS OF CERTAINTY IN THE ECONOMY FOR BUSINESS FIRMS (L.T.C.I.)

Relations With Employers Organizations (Appendix I. 0.15)

Co-operation through employers organizations:

- (b) MUTUALLY USEFUL (L.T.C.I.)

6.10. ENVIRONMENTAL CONTROL

6.10.1. LABOUR SUB-ENVIRONMENT

Labour Turnover

Documented information on workforce stability was relatively sparse

fact, until the founder left the firm towards the end of 1968, employees had never been issued with contracts of employment.

Labour turnover figures were derived by the researcher from discussions with the entrepreneur who answered questions from memory. However, the entrepreneur said that he was confident that the figures he gave were reliable. Shortly before the firm ceased trading early in 1969, the bulk of the figures were confirmed as being accurate by Ken Green, who had worked for the firm since 1st. January, 1967, initially as a Project Engineer, and later as Deputy Acting General Manager.

The Labour turnover figures derived were as follows:

LABOUR TURNOVER	MALE	FEMALE	TOTAL
<u>1965</u>			
Workforce Size	4	1	5
Labour Turnover	0	0	0
Percentage Labour Turnover	Nil	Nil	Nil
<u>1966</u>			
Workforce Size	17	4	21
Labour Turnover	7	2	9
Percentage Labour Turnover	41.2	50.0	42.9
<u>1967</u>			
Workforce Size	21	5	26
Labour Turnover	13	4	17
Percentage Labour Turnover	62.0	80.0	65.5

Workforce Size	19	4	23
Labour Turnover	9	5	14
Percentage Labour Turnover	47.5	125.0	60.8

This rate of labour turnover is relatively high, and had presented substantial difficulties for the firm, both in terms of staff replacement, and on account of the specialist local knowledge lost to the firm.

The high turnover rate appeared to have been caused, at least partially, by a suspicion amongst employees, that the firm wouldn't survive, and as a result of the frustration felt by specialists in view of Morris Taylor's refusal to delegate authority and responsibility.

Shortly before the researcher's first meeting with Brian Hayden, Acting General Manager, he had had an opportunity to talk to a young female office clerk who had previously shared an office with Taylor. She said that no-one in the firm had been surprised to see Taylor replaced as Managing Director. She described the "atmosphere" at the firm previously as having been "terrible." She said that she had liked Taylor at a personal level, but said:

"Everyone knew that he wasn't running the firm properly, and that's why most people left."

Brian Hayden, in response to a question on Taylor's leadership style and failure to delegate, said:

"One very serious result of Morris Taylor's refusal to delegate authority and trust personnel was low morale and resulting high labour turnover. We are manufacturing consultants, and need to retain our specialist knowledge and experience. Our wealth is knowledge, and stability of staff is vital. A man lost under these conditions is a big setback."

with this statement, and it's validity had been confirmed without reservations,

Absenteeism

Again, documented information was in relatively short supply. However, figures of total hours worked, and time lost due to absenteeism had been documented for the period June 1967 to March 1968 inclusive.

These figures recorded a total of 40,934 hours worked during the period and 504½ hours lost due to absenteeism.

$$\begin{array}{l} \text{Expressing absenteeism as :} \\ \text{Man hours lost} \\ \hline \text{Man hours worked + Man hours lost} \\ \text{then, absenteeism} = \frac{504\frac{1}{2}}{40,934 + 504\frac{1}{2}} = 1.2 \text{ per cent approx.}^* \end{array}$$

In order to confirm this approximate rate of absenteeism, the researcher, at the time of the firm's closing, asked Ken Green to estimate a typical absentee rate from memory. Green said that absenteeism had never been a significant problem, and estimated its incidence at typically between 1 and 2 man days per week.

The average workforce size since the time of Ken Green joining the firm had been 24.5 personnel which, on the basis of a 5-day week, amounts to a total number of working days of 117. Thus, Green's estimated range was between the limits of a little less than one per cent, and a little less than 2 per cent. Further, taking weekend working into account would inflate the number of working days and decrease this figure. Thus, there appears to be confirmed evidence to suggest that working time lost due to absenteeism was relatively low, whereas, labour turnover was relatively high.

* For purposes of comparison, it may be desirable to convert these figures to man days as does D. Williams in his paper, "The Absentee Worker," 'Personnel & Training Management,' December, 1968.

(a) ADMINISTRATIVE CONTROL SYSTEMS

The firm operated no standard paperwork control systems for estimating buying, stock control, production control, invoicing, or clarification of customer orders, all of which appeared to be needed by the firm.

Estimating

In the second half of 1966, at a time when the firm began to grow rapidly, Taylor had entrusted project engineers with the function of cost estimating. However, due to initial mistakes on their part, he had withdrawn the function completely and assumed it himself. On reflection, however, Taylor claimed that his own performance in estimating and selling had been one of his own major shortcomings in managing the firm.

Hayden, before joining Control Engineering Limited, had been employed by a public company, as a manager with sales responsibilities. This firm had used Control Engineering as a supplier. However, Hayden said that, during his last few months at this firm, the volume of orders put out to Control Engineering had been deliberately reduced due to managements' concern that Control Engineering might not survive. He said:

"The firm's presentation on paper was very scrappy, and the firm's performance in pricing jobs was very inconsistent."

Hayden said that Taylor's pricing had often been "unrealistic" and that he had frequently "outpriced" himself in tendering for jobs. He said that Taylor had operated a system of "dutch bargaining" (i.e., undercutting initial tender prices that had been rejected) and that he had sometimes taken this to the extent of reducing a rejected price by up to 25 per cent. Hayden said that "dutch bargaining" had been detrimental to the firm, (Control Engineering) firstly, because it gave customers a lever to depress initially quoted prices, and, secondly, because it had led customers to lose confidence

in the firm's managerial capabilities, and made them reluctant to establish any substantial degree of reliance upon the firm.

Ken Green had said that Control Engineering Limited's biggest problem had been Taylor's neglect of cost estimating procedures in tendering for jobs, and a lack of planning on job procedures. He said that Taylor had never made a profit on a single job, but had either produced jobs at break-even prices or at a loss.

Green cited as an illustration, an electronic mixer for Midland Counties on which the firm had broken even. He said that Taylor had tendered a price of £1,500, but should have tendered £2,000. Further, he said that Taylor had lost £6,000 in tendering a low price to produce the first ever computer alarm system essentially for prestige reasons. Green said that he himself had estimated the cost of another job some months earlier at £2,000. However, Taylor, rather than tendering a calculated price, had asked the customer what he had thought the job was worth. The customer had stated £1,300, and Taylor had finally agreed a price of £1,350. The firm had eventually lost £600 on the job.

Several days after Taylor had left Control Engineering, a buyer from the firm's largest customer, Shell International, had told Green that Control Engineering had been in danger of being excluded from Shell's tender lists, due to a downwards amendment of 25 per cent on an originally quoted tender price. Green said:

"They (Shell) had considered this to constitute an unstable basis for operations."

Purchasing

Green had claimed that, due to a lack of paperwork systems and delegated responsibility, the firm's performance in purchasing had been poor. He said that Taylor had taken full responsibility for purchasing, and had

result, supplies had often been ordered only a matter of days before they were needed, and this resulted in delays in production.

Further, Green said, Taylor had never taken advantage of the available economies of bulk buying. He had always ordered the specific number of component parts required for a particular job for which an order had been raised. He gave an example of one component part of which 147 had been required for a particular job in production. In the event, Taylor had ordered 147 at a unit price of 13/7d, when the unit price for orders in excess of 200 was 10/4d. Thus, an order for 201 would have been scarcely more expensive than an order for 147, and would have left a supply in store.

Production Planning and Control

Both Hayden and Green said that the absence of production planning and control systems in the firm had created substantial difficulties. The absence of a system of production planning had led to costly changes being made in jobs during manufacture.

Green said that changes often had to be made in jobs due to a lack of clarification of exact customer requirements. He said that Control Engineering had not always been at fault. However, he said, if a paperwork system of job acceptance and description notes had been set up, then job changes during manufacture would not have occurred or, if they had occurred, would have been chargeable to the customer.

Another cause of job changes during manufacture was the absence of an internal system of production planning involving job definitions. Green said that, when Taylor got an order, he had convened a short meeting of the people involved in order to discuss it. However, Green said, no formal plans or job procedures were ever established. As a result, project design engineers would have one conception of a job, whilst Taylor would have another. This commonly resulted in job changes and work being scrapped during manufacture.

Further, due to the absence of a production planning system, the firm had experienced difficulties in getting jobs completed on time. Green said that this had proved costly. He said: "When jobs were late costs began to increase quickly." This was largely due to costly overtime working at one-and-a-half and double-time rates of pay.

Hayden, a month after being appointed as Acting General Manager, said that every job in production was between 6 weeks and 6 months behind schedule. Also, he said, Taylor had previously accepted orders and not raised any paperwork in respect of them. He described them as orders, "written on the back of Morris Taylor's fag packets." He said that such orders had come to light almost daily during the first month following Taylor's departure. One such instance had occurred during one of the researcher's visits to the firm. A customer had telephoned complaining that his order was overdue, and yet no paperwork had existed in the firm indicating that such an order had ever been placed with the firm.

Selection of Skills

Taylor had claimed that one of his major problems in controlling the firm had been that of difficulty in assessing the skills required in the firm.

In 1965, when he had taken a partner, he had selected a technically oriented person with skills almost identical to his own. The result, he said, had been a perpetual stream of arguments on technical methods. In retrospect, he said that he would have been better advised to have selected someone with commercial skills. When the firm had employed 7 personnel, Taylor had recruited a full-time buyer, and later dismissed him due to the firm's limited need for this function.

Hayden said that the firm had suffered due to the absence of a permanent design draughtsman on the staff. Two, and sometimes 3, design draughtsmen had been employed on a casual basis. None of them had possessed

a detailed knowledge of the firm's activities, and none of them had worked on the firm's premises or been available to answer queries. Hayden considered that there had been an obvious need for a full-time resident design draughtsman.

One of the contract draughtsmen used by Taylor had been a 67-year-old trained tool designer who, Taylor had told the researcher, had been employed at the firm partly on humanitarian grounds. Hayden, who dismissed this man, said that he had been paid £1,000 p.a. and had constituted a £1,500 to £2,500 p.a. liability to the firm. He said that this man's training as a tool designer had not qualified him to do panel design work, and that this had resulted in high scrap losses. In turn, Hayden had employed a full-time panel design draughtsman whom he described as competent.

At the time of Taylor's dismissal from Control Engineering, the firm had employed 6 wiremen. However, Hayden said that all 6 had been "low in work value." He said that he had analysed what records had existed in the firm, and found that none of these wiremen had ever received a systematic training for their jobs, and that none of them had previously worked in large firms. He said that they had all previously been self-employed or worked in small bands. He said they were "unenthusiastic" workers and that, because they had never been used to factory rules and regulations, it was difficult to sanction the efficient execution of orders.

Hayden said that a lack of supervisory skills on the shop floor had led to a development of unwritten rules. One of these, he said, had been that hourly paid staff, after 12 months service with the firm, were entitled to one month's annual leave with full pay.

Both Hayden and Green claimed that Taylor had paid employees above market rates, and Green said that Taylor had been unnecessarily extravagant in employing a metal-shop foreman to supervise only 4 workmen.

Authority Structure

Taylor had failed to appoint a deputy with decision-making re-

deputy.

The absence of a deputy in the entrepreneur's absence was accentuated by the entrepreneur's frequent absence from work during the initial hours of the normal working day. Taylor chose to exercise a substantial degree of independence in his role as entrepreneur by working flexible hours. Though he often worked alone until late into the evenings, he usually arrived at work between 11.0 and 12.0 a.m. Green said:

"He (Taylor) presented us with a great problem - sometimes a job had to be shelved for 2-3 hours until he came in and could make a decision on it."

A further source of workforce inefficiency appeared to have arisen due to Taylor's refusal to delegate authority. Green said:

"After a while, we stopped making decisions we thought were right. We made decisions we thought he would agree with instead. Otherwise he ignored us anyway."

Green continued:

"Morris Taylor didn't delegate and we argued seriously over this. Three of us - senior staff - had an informal meeting, a few weeks before he left, to talk about this. He walked in part-way through, and we told him what we were discussing. We told him it was no use paying us £7,000 (collectively) if he was going to dictate every move we made. We said we must be left alone to do a job properly."

(b) WORKFORCE STRUCTURE (1968 - Prior To Taylor's Dismissal)

<u>ADMINISTRATIVE CATEGORIES</u>	<u>MALE</u>	<u>FEMALE</u>
(1) Management and Supervision [*]	1	0
(2) Professionals	6 ^{**}	0
(3) Clerks	0	5
 <u>PRODUCTIVE CATEGORIES</u>		
(1) Craftsmen	10	0
(2) Operatives	3	0
(3) Labourers	1	0
<hr/>		
	14	0
<hr/>		

RATIO OF ADMINISTRATIVE TO TOTAL WORKFORCE : $8/26 = 30.8$ per cent.

6.10.3. EXTERNAL AIDS SUB-ENVIRONMENT

The external aids claimed as having been used by the entrepreneur were as follows:

* Two of the firm's craftsmen had supervisory titles, i.e., 'Workshop Foreman' and 'Foreman Wireman'. However, both were essentially leading hands, and performed only minimal supervisory duties.

** All "professionals" were design engineers and draughtsmen in a firm selling design and manufacturing services, and were thus regarded as "productive" personnel.

- (2) Examined advertisements in newspapers and journals in order to identify possible potential customers.

To Production:

- (1) Used sub-contractors.

To Labour Recruitment:

- (1) Advertised in newspapers : London evening papers and Daily Telegraph.
- (2) Used staff agencies for female temps.
- (3) Used direct methods of labour recruitment : word of mouth.
- (4) Attempted to use Labour Exchange but with no success.

To Recruitment of Information:

- (1) Read trade journals.
- (2) Used management consultants.

To Recruitment of Finance:

- (1) Used bank overdraft.
- (2) Had recruited partners.

Total number of agencies claimed : 11

Recruitment of Management Consultants.

During the first half of 1967, immediately preceeding the beginning of the research project, Taylor had commissioned the services of a small locally based firm of management consultants. This firm was based in the Kingston area, and specialized in the problems of small firms.

One of the firm's consultants had worked in Control Engineering for 5 hours each week over a 6 month period. The consultant, Keith Gibson, was interviewed by the researcher, and identified the firm's problems and aided an assessment of the use made of his services by the entrepreneur.

Gibson said that, at the time of his entry into Control Engineering, he had been able to predict it's failure to survive in its existing form. He

"I told Morris - 'carry on like this Morris and you'll go to ground.' There was great enthusiasm there, but no systems and no realization of the commercial necessities of life. Morris was more interested in engineering artistry than profits. He got jobs by tendering costs based on standard times, and then spent uncosted time being artistic. To try and convince himself that this was okay, he used to compare accumulating job costs with selling prices instead of costed prices. This resulted in, at best, a break-even mentality rather than a profit mentality."

Gibson said that he had isolated four principal areas of weakness in the firm's operations:

- (1) An absence of paperwork control systems.
- (2) The existence of surplus workspace.
- (3) The presence of incompetent staff.
- (4) An absence of a proper authority structure and system of job definitions and responsibilities, resulting from an autocratic leadership style.

Gibson had attempted to tackle the first problem, and had set up paperwork systems for cost control and production scheduling. He had also established a standard costing system to assist in accurate estimating in tendering for jobs; a system for comparing actual accumulative build-up job costs on work in progress with estimated costs; a budgeting system based on a 12-month time-span, and a system of monthly statements comparing monthly invoiced sales turnover against costs incurred. Further, he established a system of production scheduling.

Gibson said that, immediately following his departure from the firm in his consultative capacity, the paperwork systems he had established fell into disuse.

Gibson, Green and Hayden, had all agreed that the recruitment of

fully justified, but that no effective use had been made of the aid presented.

Recruitment Of An Outside Firm To Share Overhead Charges

The above 3 interviewees, independently of one another, claimed that, within the medium-term, the firm had required less than half of the 8,700 sq.ft. of floor-space on which it paid overheads (including a rental of £5,000 p.a.) Thus, the recruitment of an outside firm to share the burden of overhead charges could be considered a justified and necessary external aid.

From 1966 onwards, Taylor had rented 250 sq.ft. of floor space to a very small firm manufacturing pH electrodes for electro-chemical laboratory and industrial control instruments. However, all 3 interviewees concerned claimed that at least 4,000 sq.ft. of floor-space could have been rented to another firm.

Keith Gibson, management consultant, estimated that Control Engineering required less than 3,000 sq.ft. of floor-space to meet its own production programme, and could have rented the remaining 5,700 sq.ft. to another firm on a 2 or 3 year lease at the going price for the Kingston area of 15/- per sq.ft. per annum. Gibson said that the entire 8,700 sq.ft. of floor-space was large enough to have serviced an annual sales turnover of £250,000 with the existing product range whereas, in fact, the firm's existing rate of annual sales turnover had been less than £100,000.

Brian Hayden, Acting General Manager after Taylor's dismissal from Control Engineering, said, "These premises are too big for us. We need no more than 3,000 sq.ft. for a turnover of £10,000 a month," and Ken Green, Hayden's deputy, had also claimed that "less than half," of the firm's premises had actually been required for the firm's production commitments.

6.10.4. TECHNICAL SUB-ENVIRONMENT

The entrepreneur had preferred that the researcher should not attempt

izational technology, and so assessments had been recruited from people within the firm itself.

All specialist personnel, plus Keith Gibson (management consultant), were presented with question Appendix 1: Q.17.

The respondents had replied to the questionnaire as follows:

<u>Role Held</u>	<u>Role Occupant</u>	<u>Questionnaire Alternative Chosen To Describe The Firm's Technology</u>
Entrepreneur	Morris Taylor	7
Acting General Manager	Brian Hayden	7
Project Engineer (later Chief Project Engineer and Deputy Acting General Manager)	Ken Green	7
Project Engineer	Paul Brooks	6
Project Engineer	Edward Mackay	7
Electronic Engineer	William Elliot	7
Mechanical Design Engineer	Stephen Robins	5
Management Consultant	Keith Gibson	7

The researcher had limited circulation of the above question to the 8 specialists connected with the firm, on the basis that craftsmen involved in metal fabrication and wiring jobs with no design content, would be limited in their abilities to make meaningful assessments of the firm's technology.

$$\text{Mean Organizational Technology Quotient } \bar{x} = \frac{\sum n x}{n}$$

$$= \frac{(6 \times 7) + (1 \times 6) + (1 \times 5)}{8} = 6.625$$

its field. He said that Taylor "wasn't satisfied just to be good" but "wanted to be the best." Because of this, Green said, Taylor hadn't minded scrapping a job part way through its construction if he later thought of a better way of doing it. He said:

"Morris would come to work in the morning and say he'd had a brilliant idea for a job on his journey to work. Then we'd have to scrap what we'd already done, even though it was already good, and start again from scratch."

However, he said, the firm had established a reputation for an advanced standard of work and, as a result, had been on the verge of being trusted by Shell International, to do design work as well as the manufacturing work they had formerly done.

Hayden said that, whilst he had been with his former employer, he had been commissioned with the task of recommending a firm of electronics design and manufacturing engineers as a supplier. He said that he had recommended Control Engineering on account of its advanced workmanship.

6.10.5. MARKET SUB-ENVIRONMENT

(a) Market-Product Situations

The firm had 2 market-product situations, i.e., producing electronic control panels for the petro-chemical industry where the firm had a single customer - Shell International, and producing electronic control panels for the food automation industry. The proportions of the firm's sales in these 2 respective situations were approximately 65 per cent and 35 per cent respectively.

(b) Market Strength (0.10 (ii))

MORRIS TAYLOR

Taylor said that the firm experienced a good market strength situa-

CONTROL ENGINEERING LIMITED

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>	<u>MARKETS</u> <u>LOCAL</u> <u>NATIONAL</u> <u>INTERNATIONAL</u>	<u>MARKET STRENGTH</u>
Petro-Chemical Industry	Shell International	Electronic Control Panels	65 per cent	_____ U.K.	5
Food Automation Industry	Watney Mann, Midland Counties and others	Electronic Control Panels	35 per cent	_____ U.K.	3 - 5

ducts. He claimed that, as a result of this situation, the firm had been on the verge of being trusted by Shell to undertake design-intensive jobs at the time of its closure. He claimed that the market strength of the firm's products produced for the petro-chemical industry was adequately described by questionnaire alternative 5, and that existing for the firm's products in the food automation industry was described by questionnaire alternative 4.

KEN GREEN

Like Taylor, Green claimed a fairly strong market strength for the firm's products. He said:

"Our survival is desired by customers because much of the work we do constitutes a part of large customer projects which are only fully brought into commission months after we finish our control panels. We manufactured an automatic control panel for the Milk Marketing Board as part of an automatic unit that wasn't going to be brought into commission on manual control until 6 months after delivery, and on automatic control for 12 months. This sort of work means the customer may need us to service their equipment for months after delivery of a (control) panel, so our survival is a matter of concern for them."

Green added:

"Service needs apart, our customers are very satisfied with our work, and are likely to want to place future orders with a proved and reliable supplier."

Green claimed a market strength of 5 for the firm's products in both the petro-chemical and the food automation industries.

BRIAN HAYDEN

Hayden, like Taylor and Green, claimed a high level of technical performance for the firm's products. However, shortly before the firm had

crossed down, he had encountered serious customer complaints stemming from late delivery dates. At this time, he had said:

"Memories are short - they soon dim - and, later, only the good performance of the firm's products will be remembered. Our quality is very good."

Hayden claimed a market strength of 5 for the firm's products sold in the petro-chemical industry, and 3 for those sold in the food automation industry.

Thus, the firm's Mean Market Strength in the petro-chemical industry was:

$$\bar{x} = \frac{\sum nX}{n} = \frac{5+5+5}{3} = 5.0$$

and, in the food automation industry:

$$\bar{x} = \frac{\sum nX}{n} = \frac{4+5+3}{3} = 4.0$$

Thus, the firm's total number of Market-Product Situations (M) = 2

Aggregate Market-Product Strength (s) = (0.65x5) + (0.35x4) = 4.65.

Total Organizational Market Flexibility = 2M + 4.65S

6.10.6. KNOWLEDGE SUB-ENVIRONMENT

On several occasions during initial visits, Taylor had made 2 statements attesting to a perceived lack of knowledge of the environment. On 2 occasions during initial visits, he had asked the researcher if all entrepreneurs were, "as much in the fog" as he himself. Further, he said he would dearly like to look around other firms similar to his own in order "to see how they functioned."

However, Keith Gibson, the management consultant who had worked in Control Engineering Limited said: "Morris thought he was more in the dark

The firm's Environmental Perception Quotient under the leadership of Taylor and Hayden respectively, was as follows:

<u>Elemental Sub-Environment</u>	<u>Environmental Perception</u>		
	<u>Taylor</u>	<u>Hayden</u>	
Labour Sub-Environment	7	9	
External Aids Sub-Environment	1	5	
Workforce Efficiency Sub-Environment	2	8	
Technical Sub-Environment	7	8	
Market Sub-Environment	3	6	
	TOTAL :	20	36

Thus, the firm's Environment Perception Quotient was 40 per cent (pre Brian Hayden, and 72 per cent (post Brian Hayden).

6.11. MAJOR ORGANIZATIONAL PROBLEMS

6.11.1. MAJOR ORGANIZATIONAL PROBLEMS AS PERCEIVED BY MORRIS TAYLOR

Throughout the research project, Taylor had defined the firm's major problem as its inability to achieve the level of sales turnover required to meet the firm's overhead costs. Apart from this single major difficulty, he had been reluctant to acknowledge any others during the main body of the research.

However, in June, 1968, shortly before being dismissed from the firm, he had described the firm's major problems as being those of internal administration, i.e.,

- (1) His own poor performance in estimating.
- (2) His own lack of experience in recruiting which had led him to recruit a wrong balance of skills, and to pay too high salaries.
- (3) A concentration on electronic development work himself at a time when he

should have been more concerned with management and selling.

All respondents in the firm had estimated that the firm's premises was large enough to sustain a level of sales turnover of £250,000 p.a.; i.e., more than double the firm's current level of trading during the project. However, William Ives had claimed that the firm had been undercapitalized, and thus essentially incapable of sustaining the level of sales required to fully recover overhead costs.

5.11.2. KEN GREEN

Green said that the firm's major problems, as he had perceived them, stemmed essentially from difficulties encountered in assessing realistic costs in estimating quotation prices.

6.11.3. BRIAN HAYDEN

Hayden said that the firm's major difficulties had stemmed from the firm's excessive overheads on the one hand, and Taylor's neglect of "even the most rudimentary principles of management" on the other.

6.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

Control Engineering Limited operated at a financial loss from the time of its inception. In the financial year 1967-8, the firm incurred an overall loss of approximately £23,000, and it was near the end of this year that Taylor was dismissed from the firm. Though the firm continued in operation for several months after the end of the 1967-8 financial year, the work output was essentially that previously negotiated by Taylor and was produced at little or no profit. Financial data which the researcher was able to recruit are presented below:

ORGANIZATIONAL PROFIT GOAL ATTAINMENTCONTROL ENGINEERING LIMITED

YEAR	1966	1967	1968
CAPITAL EMPLOYED	£19,086	£44,321	£75,561
PROFIT	- £6,113 (loss)	- £6,729 (loss)	- £23,282 (loss)
SALES TURNOVER	£21,419	£43,106	£79,856

Taylor drew an annual salary from the firm of approximately £2,000. The above figures were derived after deduction of directors' fees.

- 7.0. INSTRUMENT ELECTRONICS LIMITED
- 7.1. BRIEF DESCRIPTION OF THE FIRM
- 7.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS
- 7.3. RESEARCH METHOD
- 7.4. ENTREPRENEURIAL GOALS
- 7.5. ORGANIZATIONAL GOALS
- 7.6. LEADERSHIP AND DECISION MAKING
- 7.7. JOB SATISFACTION
- 7.8. ROLE TIME INTENSITIVITY
- 7.9. BUSINESS IDEOLOGY
- 7.10. ENVIRONMENTAL CONTROL
- 7.11. MAJOR ORGANIZATIONAL PROBLEMS
- 7.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

Instrument Electronics Limited was formed by David McBride and Roger Curry in 1960 with the aid of another small entrepreneur, Brian Saunders, who was the sole owner of Instrument Products Limited.

However, at the beginning of the current research project in 1967, Instrument Electronics Limited was jointly owned by 4 entrepreneurs. The 2 founders, David McBride and Roger Curry, each held 25.1 per cent of the shares in the firm; Brian Saunders had a diminished holding of 4.8 per cent of the equity, and Les Honychurch, who joined the firm in 1965, held the remaining 45 per cent.

However, Honychurch left the firm in 1970, as a result of an internal disagreement with McBride and Curry, and subsequently purchased total control of a smaller electronics firm in another part of Surrey.

The 2 founders, David McBride and Roger Curry, had formerly been employed as electronics design engineers with the Vickers Aircraft Company in Surrey. However, in 1960, at the time of the re-organization which resulted in the formation of the British Aircraft Corporation, they left the firm, and founded Instrument Electronics Limited.

When McBride and Curry decided to enter into entrepreneurship in 1960, they considered that their previous specialization, in the field of electronics design, rendered them deficient in the financial and sales expertise needed to run a firm on their own. As a result, they initially decided to buy part or total control in an already established firm which required additional technical skills. McBride said:

"We knew more about designing equipment than making and selling it, so we decided to buy a small established firm that was in the doldrums for need of technical expertise and buy that."

However, the problem of raising the necessary finance remained.

McBride said:

used to drink in the public bar but, in 1960, I read a few economics books, and then moved through into the lounge to flog a few shares. I got a few people interested, and there was quite a competition going in the end, but we chose Brian Saunders. He was an engineer like us, and had set up his own firm (Instrument Products Limited). He had done it the hard way. He provided us with a premises, administrative and sales facilities, and sixty per cent of the money we needed to start. We weren't concerned about him having a controlling interest - it didn't worry us because he was a good bloke - he was straight and took other things into consideration besides just money."

In the event, Instrument Electronics Limited was formed with a registered capital of £100. Saunders had held 60 per cent of the shares in the new firm and McBride and Curry 20 per cent each. In addition, Saunders loaned the entrepreneurs £2,000 for use as liquid trading capital.

The entrepreneurs initially recruited orders for Government contract work. This suited the firm's purposes for it necessitated no holding of material stocks. However, at the same time, there had been no guarantee of continuity of orders and, within a few months of the firm's formation, the entrepreneurs began to produce standard runs of electronic instruments, first d.c. amplifiers and spectrum analyzers and, later, digital voltmeters. In retrospect, the entrepreneurs said that they could have picked alternative products and experienced less market competition. However, McBride said: "You tend to produce the things you know most about."

The firm's initial employees were all recruited from amongst the entrepreneurs' former engineering colleagues from Vickers. In fact, the entrepreneurs recruited their first 6 employees from Vickers and one of them, Tony Edwards, later became the firm's Production Manager.

Les Honychurch approached McBride and Curry with an offer to buy shares after being impressed by the firm's products at a Physical Society Exhibition in 1964. Honychurch himself had been one of 2 founder members of a large electronics group, formed in 1947, and had subsequently sold his shares to a large American firm at the time of a take-over in the early 1960's.

After a year of negotiations with McBride and Curry, Honychurch paid £15,000 for a 45 per cent share in Instrument Electronics Limited. Until Honychurch's association with the firm in 1965, Saunders had maintained a controlling financial interest in the firm, but had exercised no constraints on the entrepreneurs' independence of action.

With the event of Honychurch taking a share in the firm, the firm began to produce digital voltmeters, which soon developed as it's major product. Further, an electronics sales agent, whom Honychurch had known previously, and who operated in the Socialist bloc, was commissioned by the firm and soon sold 30 per cent of the firm's total output - mostly in the U.S.S.R. Again largely as a result of Honychurch's influence, the firm recruited loans from I.C.F.C. An initial loan of £10,000 was secured in 1967 on the strength of a 12½ per cent I.C.F.C. option on the firm's equity in 1974. In 1968, the firm secured a further £10,000 from I.C.F.C. for an increased share option of 15 per cent in 1976.

Until 1968, the firm continued to expand in its original premises, while at the same time renting nearby office accommodation. However, during 1968, a new 13,500 sq.ft. premises was rented within a mile of the old premises.

Late in 1969, the firm experienced a financial crisis and, at the same time, was faced with a take-over bid from a public company. I.C.F.C. attempted to enforce acceptance of the take-over bid in order to safeguard their own financial interests. However, the bid was rejected by the entrepreneurs, and the firm managed to overcome it's financial problems. It was at this stage that Les Honychurch, who had supported the bid for control by the public firm, left and McBride and Curry^{and} purchased the total equity in a smaller firm.

At the beginning of the research project, Instrument Electronics employed a workforce of approximately 70 personnel and, by 1970, this figure had increased to near 90. The entrepreneurs did not subscribe to any employ-

7.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

7.2.1. DAVID McBRIDE

David McBride was born in 1927, the second son of working class parents. He had a brother 2 years older, and a sister 6 years younger, than himself. His father was a semi-skilled fitters mate employed on railway signal maintenance, and had been responsible for his son's subsequent interest in electronics. McBride's mother had worked in a munitions factory during the war but he was unable to recall the nature of her employment before marriage. In 1924, McBride's father set up a transport delivery service, but went out of business in 1926 and returned to employment.

McBride attended a Catholic grammar school, and claimed to have suffered social ostracism amongst both his school-friends and his family relatives, structured by his parents' absence from actively pursuing the Catholic religion. He claimed that this ostracism had, in turn, structured very close ties between himself and his brother.

McBride left school at the age of 15, and attributed the termination of his formal full-time education at this time essentially to war-time conditions. However, he said that his family were too poor to have supported him on a full-time college course anyway.

On leaving school, McBride took a job with an electronics firm and, at the same time, successfully completed an Ordinary National Certificate course in electrical engineering at night-school. At the age of 18, he joined the REME, and became an instructor after 3 months, teaching radio principles and theory.

After entering industry in 1950, McBride worked for 2 large firms doing guided weapons research work. From 1953 onwards, until 1960, he worked for the Vickers Aircraft Company, again involved in guided weapons research, until entering into entrepreneurship in 1960.

...bride married a nurse, and had 3 children - 2 boys aged 5 and 3 -
spectively, and a daughter aged 17. The boys were both attending Catholic
primary schools, whilst the daughter was taking 'A' level G.S.E's at a
Catholic grammar school.

Politics:

- (a) Had voted Labour until 1965. Since voted Conservative.
- (b) Father had voted Labour but mother voted Conservative.
- (c) Claimed to have voted as a private citizen until 1965. Since voted as a
businessman.
- (d) Saw the difference between the 2 major political parties as being based
upon fundamentally different ideological standpoints.

Religion: Nominally Roman Catholic but claimed agnostic views.

Life-Style:

- (a) Make of car: Jaguar (firm's car)
- (b) Location and value of house: Weybridge, £9,000.
- (c) Type of school chosen for children: Catholic denominational
- (d) Holidays taken at: Portugal
- (e) Leisure interests: No pronounced interests outside work.
- (f) Membership of clubs and associations: None
- (g) Principal friends in leisure life:

Occupation

Design Engineer
Design Engineer
Electronics Entrepreneur
Electronics Entrepreneur
Lecturer

Situation Of Initial Meeting

Former employment (Roger Curry)
Former employment
Former employee of Electronic
Instruments Limited.
At time of entry into entrepren-
eurship (Brian Saunders)
Electronics exhibition

7.2.2. ROGER CURRY

Roger Curry was born in 1932, the only son of an electrician. His mother

had been a post office clerical worker.

Curry attended grammar school until the age of 18, and then read electrical engineering at university, graduating in 1953. From then on, he worked for research associations before joining Vickers Aircraft where he met McBride.

Curry appeared to be an outstanding electronics design engineer. He exhibited a shy and retiring disposition and, at the age of 38, remained a bachelor.

Politics:

- (a) Had voted Labour until 1965. Since voted Conservative.
- (b) Parents had voted Labour (father a shop steward).
- (c) Claimed to have voted as a private citizen until 1965. Since voted as a businessman.
- (d) Saw the difference between the 2 main political parties as being based upon fundamentally different ideological standpoints.

Religion: Atheist.

Life-Style:

- (a) Make of car: Jaguar (firm's car)
- (b) Location and value of house: Weybridge, £7,500.
- (c) Type of school chosen for children: No children
- (d) Holidays taken at: U.K.
- (e) Leisure interests: No pronounced leisure interests
- (f) Membership of clubs and associations: None
- (g) Principal friends in leisure life:

Occupation

Situation Of Initial Meeting

Design Engineer

Former employment (David McBride)

Public Relations Officer

Former employment

Retired Old Age Pensioners

Parents

Electronics Entrepreneur

Former employee of Electronic Instruments Limited

Design Engineer

Former employment

Les Honychurch was born in 1917, the only son of a working class family. He had 2 younger sisters. His father had been an electrical engineer, and his mother a semi-skilled factory worker.

Honychurch appeared to have been strongly influenced in his formative years by his father, who, he said, was an extrovert and, at the same time, was "cynical" about "most people, institutions and human practices." Honychurch claimed that his father had been a strong trade unionist and a committed Socialist. However, he claimed that, whilst his father had identified with trades unions and opposed management at a general level, at a more personal level, he had always admired the superior education and the "more constructive" attitudes of the middle class. Les Honychurch had, in turn, identified with his father's attitudes throughout his youth, and had felt "politically isolated" from "most other people."

Honychurch developed an interest in electronics as a child and, on leaving school at the age of 14, trained with a large electronics firm as an electronics engineer. In 1947, along with a partner, he founded what grew to be a large electronics company. However, during the course of the firm's growth, the equity became dispersed and, when a large American firm approached Honychurch in 1963 with a view to the purchase of his shares, they had already secured offers of sale from other shareholders which guaranteed them a controlling interest. As a result, Honychurch had had little choice but to sell his minority holding, and, whilst his founder partner was retained as Managing Director, Honychurch left the firm with a "golden handshake." In 1965, he invested £15,000 in Instrument Electronics Limited, and became a working director.

At the age of 23, he married a clerical worker and, at the time of the research project, had a son working in the electronics industry, and a daughter still at school.

Politics:

- (a) Voted Labour until 1951. Since voted Conservative.
- (b) Parents had voted Labour.
- (c) Claimed to vote as a businessman.
- (d) Saw the difference between the 2 main political parties as being based upon fundamentally different ideologies.

Religion: Attended church (C.of E.) since 1964.

Life-Style:

- (a) Make of car: Jaguar and Triumph Herald.
- (b) Location and value of house: Esher, £22,000.
- (c) Type of school chosen for children: Private day schools.
- (d) Holidays taken at: Mediterranean.
- (e) Leisure interests: No pronounced interests.
- (f) Membership of clubs and associations: None
- (g) Principal friends in leisure life:

Honychurch's principal friends in leisure life were his own ex-employees who had subsequently formed their own electronics firms.

7.2.4. TONY EDWARDS (Production Manager)

Edwards was born in 1928, the second of 3 children of a working class family. His father had been a machine-setter, and his mother a shop assistant.

Edwards attended grammar school and later attended university, graduating in electrical engineering. He worked at several electronics firms before meeting McBride and Curry at Vickers. In 1960, he left Vickers to become the sixth employee of Instrument Electronics Limited, where he subsequently became Production Manager.

Politics:

- (a) Voted Labour.
- (b) Parents had voted Labour.
- (c) Claimed to vote as a private citizen.

(d) Claimed to see the difference between the 2 main political parties as being based upon respective claims towards greater administrative efficiency.

Religion: Agnostic.

Life-Style:

- (a) Make of car: Austin Cambridge.
- (b) Location and value of house: Weybridge, £7,000.
- (c) Type of school chosen for children: State secondary.
- (d) Holidays taken at: U.K.
- (e) Leisure interests: Golf and amateur dramatics.
- (f) Membership of clubs and associations: Golf and amateur dramatics clubs.
- (g) Principal friends in leisure life:

Occupation

Situation Of Initial Meeting

Lecturer

Whilst both lecturing at local night-school.

Electronics Design Engineer

Former employment

School Teacher

Relative

Shopkeeper

Amateur dramatics society

Salesman

Golf club.

7.2.5. LAWRENCE PRICE (Sales Manager)

Price was born in 1938, the fifth of 6 children of a white-collar family. His father was an accountant, but he was unable to recall the nature of any occupation in which his mother had been employed. He had been the youngest of the first 5 children by a margin of 8 years, and claimed to have been treated as an only child with all of his elder brothers and sisters appearing to have had adult status to him.

Price left grammar school at the age of 16, and became an electronics design engineer prior to becoming a salesman. In the latter capacity, he purchased amplifiers from the entrepreneurs for his previous employer, before joining Electronics Instruments in 1961, as the firm's first full-time sales-

Politics:

- (a) Voted Conservative.
- (b) Parents had voted Conservative.
- (c) Claimed to vote as a private citizen.
- (d) Saw the difference between the 2 major political parties as being based upon fundamentally different ideologies.

Religion: Non-practising Christian.

Life-Style:

- (a) Make of car: Ford Capri.
- (b) Location and value of house: Rented flat in central London.
- (c) Type of school chosen for children: Not married.
- (d) Holidays taken at: Western Europe.
- (e) Leisure interests: Golf.
- (f) Membership of clubs and associations: Golf club.
- (g) Principal friends in leisure life:

Occupation

Situation Of Initial Meeting

Industrial Buyer

Customer

Industrial Engineer

Customer

Secretary

Girl-friend

Sales Agent

Firm's sales agent

Salesman

Golf club

7.3. RESEARCH METHOD

The research work in this firm involved semi-structured interviews with the 3 entrepreneurs, and the firm's Production Manager and Sales Manager, respectively. The researcher's principal contact in this firm was David McBride, who had replied to the researcher's initial letter requesting co-operation. All introductions were established through McBride, who was kept informed of all the researcher's activities in the firm.

being present on 7 of them; Curry was interviewed alone on 2 occasions; Honychurch was interviewed on 3 occasions, and Edwards and Price on 2 occasions in each.

In addition, the researcher spent half a day with the firm's accountant, and 2 days analysing the firm's files on labour turnover and absenteeism. Two visits were made to electronics exhibitions, one of them organized by the firm on a private basis, and the other a public exhibition at Olympia. Also, the firm's file at the Board of Trade Registry of Companies was examined on several occasions. The total time devoted to fieldwork in this firm was approximately 90 hours.

7.4. ENTREPRENEURIAL GOALS

7.4.1/2. DAVID McBRIDE/ROGER CURRY

The Entrepreneurs' Entry Into Entrepreneurship

McBride, commenting on the motivation which structured his entry into entrepreneurship, said:

"A lot depends on your father's status. If he's an employee with the typical philosophy of an employee, it takes a long time to rid yourself of it. It's taken my family three generations to throw off the Catholic religion, and it took me fifteen years to throw off my parents attitudes as employees."

On taking a partner, he said:

"It comes back to family background. I had a brother who was very close and I had always done things in collaboration. It gives a sense of comradeship that I still look for. That's why I like to work with someone else in close co-ordination, and I like to pick the people I work with."

McBride said that the "final straw" structuring his entry into entrepreneurship had been a period of slack trading experienced by his employing firm - the Vickers Aircraft Company. He said:

"Vickers were in the doldrums at a time when there was no sense of directive or purpose. I was working mostly

In 1960, (the time of McBride's entry into entrepreneurship), I was bored with doing useless research, and valued doing something useful very highly."

Curry, on the other hand, had previously been employed in research and development establishments both for industrial concerns and for trade associations and said that, particularly in the latter case, research had often been commissioned only as "a form of window dressing."

McBride and Curry had worked in adjacent departments at Vickers and had communicated their mutual experiences of job dissatisfaction. In 1960, a structural re-organization within the firm's research and development laboratories had been planned, involving a period of uncertainty for the employees concerned. It was at this point that McBride and Curry staged their entry into entrepreneurship.

However, despite an experienced lack of job satisfaction, both McBride and Curry had previously achieved a high level of economic rewards and security in employment, and considered that leaving employment to become self-employed contained a fairly high degree of risk. McBride said:

"We realized that we would have to be reasonably successful in order merely to maintain our existing income levels and that, initially anyway, we would have to take a fairly large drop in income."

At times, during discussions on the issue of entry into entrepreneurship, McBride stressed the influence of previous job frustration in structuring his decision. However, at other times, he said his motivation had been:

"...something more positive than just escaping frustration-hoping to achieve something above the average."

The desire to become self-employed had been McBride's initially, and he approached Curry because, he said, Curry was a very good design engineer and appeared to be more frustrated in his job at Vickers than most of the other people with whom he worked. Others had expressed an interest in becoming self-employed, but most of them had subsequently dismissed the idea,

largely because of the financial and security risks to themselves and their families. However, McBride considered the risk worthwhile and Curry, being unmarried, had felt that he could afford to take the risk in view of his relatively light social responsibilities.

The prospect of becoming self-employed was discussed over a period of 9-10 months, and then put into operation. McBride said:

"The days when things looked worst at Vickers were the times we talked most about going into business ourselves."

Curry said:

"We used to begin by commiserating with each other and end up by talking about striking out on our own."

McBride and Curry said they couldn't recall any specific point in time when the decision was made, but said that, after about 5 or 6 months of discussing whether or not they should become entrepreneurs, they had begun to talk more in terms of "how", rather than "if."

7.4.1. DAVID McBRIDE

Entrepreneurial Goals At The Time Of Entry Into Entrepreneurship

In January, 1969, McBride claimed to be able to recall his goals, as they had applied in 1960, and stated them as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Independence	16.5
2	Being able to pick the people you work with	15.0
3	Finding an outlet for personal abilities	14.5
4	The status associated with "being your own boss"	13.0
5	Economic rewards	8.0
-	Security	0.0
-	Achieving recognition in the field of management	0.0
-	Building something to leave to the son/s	0.0

The above ordering appeared to correspond closely with the entrepreneur's reasons for entering into entrepreneurship. Of the 3 goals not claimed, 2 had not even been considered at this time, whereas the third, 'Security', had been considered but rejected as being unrealistic in its aspiration.

McBride said:

"Some people look for security to such an extent that they daren't leave the shelter of the big firm. That didn't apply with me even though I had the responsibility for a family. I didn't value security as a goal when I went into business though because I didn't see any. You have no security as an employee working in a small firm, let alone owning and running one, though, as an employee, you probably feel more secure because you're only risking your job and not your capital and self-respect."

1965: Honychurch's Entry Into The Firm

Negotiations between McBride and Curry on the one hand, and Honychurch on the other, began in 1964, and continued for 12 months. Curry said:

"We weren't vulnerable at the time, so we could afford to stick out for good terms."

One of the problems encountered by McBride and Curry, in formulating a policy for facilitating Honychurch's entry into the firm, was that of recruiting a willingness on the part of Brian Saunders to agree to give up his majority holding in the firm. Eventually, Saunders had agreed to sell back the majority of his shares to the entrepreneurs, and Honychurch paid £15,000 for a 45 per cent share in control of the firm.

Honychurch had initially requested a controlling interest in the firm but McBride and Curry refused this request on the grounds of its potential effect on their own independence. They claimed that their principal reasons for accepting Honychurch's entry into the firm were two-fold: for the additional capital required to finance the firm's further growth, and also for his "experience and contacts."

In 1966, a craftsman employee attempted to secure official trade union recognition within the firm. However, the entrepreneurs successfully resisted his initiatives. McBride said:

"We ostracised him and made things awkward for a bit and then he left with a chip on his shoulder. Unionism starts in the metal shop in most growing electronics firms - they see the whiz kids in the labs and feel deflated."

Entrepreneurial Goals At The Beginning Of The Research Project In 1967

At the beginning of the research project in 1967, McBride said he was "quite aware" that his goals had changed since the time of his entry into business. He said he was aware that his economic motivation had increased, and that the goals of status and being able to pick co-workers were "tending to be taken for granted." He had ordered his goals at this time as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	20.0
2	Independence	16.5
3	Finding an outlet for personal abilities	13.5
4	Being able to pick the people you work with	8.0
5	The status associated with "being your own boss"	3.0
6	Building something to leave to the son/s	1.5
-	Security	0.0
-	Achieving recognition in the field of management	0.0

The principal change in McBride's entrepreneurial goals, since entering entrepreneurship, appeared to be the increased value associated with the goal of 'Economic Rewards'. McBride said:

"I used to hold Socialist attitudes when I was young -

they could show themselves more worthy. But now I think it's the people who want things they have no justification for that get things done. When I see how the firm goes, I'll see if I can send my sons to private schools. I'm no martyr - why should I make a stand against private education?

At Vickers, all of my friends were academics or engineers. I had little respect for businessmen. I remember one engineer at Vickers, who had formerly had a business selling toys. I looked down on him because of that, but I'd sell french-letters now - for a profit. I said to a girl interpreter in Russia last time I was across there, 'You want to get over to England and have a look around', and she said, 'Why should I go if the others can't'? But I think greed is a good thing now."

McBride continued:

Honychurch is very useful in his way because Roger (Curry) and I are basically engineers, and not very highly profit motivated. When we came into business, we were looking for a comfortable working environment and interesting work, but he (Honychurch) has a demanding attitude - he's an 'I want' man and he's injected some of this into us. It's a bad motivation but it's what you need if you're going to make money."

McBride said that Honychurch had received approximately \$200,000 for his share in the firm he had founded and, with this example in mind, he and Curry had decided to expand Instrument Electronics as rapidly as possible and become a public company. By doing this, they intended to eventually release the bulk of the firm's shares for sale to the public. Because of this, they said, their intention was to grow as rapidly as possible subject to an acceptable level of profit being achieved. For this purpose, they claimed that the firm's size was assessed in terms of annual sales turnover, and that they had set a growth target of 100 per cent per annum in sales turnover. They claimed that the firm was only, in fact, achieving an annual growth rate of 50 per cent due to constraints on capital availability. They said that, in the context of this situation, profits were vital both in order to finance expansion internally, and to attract capital from outside the firm.

McBride said:

"It's no use us hiding profits in R and D (Research and Development). We have to show as much (profit) as possible on paper. People like I.C.F.C. want profits not

excuses of building for the future. We have to maximize profits to keep them interested."

He continued:

"Profit is only a means to expansion for us. We want to increase the money in the firm to £2-300,000 without further dilution of the equity before we go public. Then, with £100,000 each in our pockets, we'll have independence in the true sense of the word - and security too."

The Firm's New Premises

In 1968, the firm secured a new 8,500 sq.ft. rented premises within a mile of its former premises. The firm was granted planning authority to use only 4,500 sq.ft. for productive purposes, but had planning permission to use a further 3,500 sq.ft. for office accommodation. The remaining 1,000 sq.ft. was gradually brought into commission for production purposes without the permission of the Board of Trade.

The Deterioration In The Firm's Market Situation And The Commissioning Of A Sales Consultant.

During 1968, the firm began to encounter a deterioration in market conditions. However, the entrepreneurs failed to realize that the market situation had changed, and attributed the firm's difficulties to a crisis of motivation amongst the firm's salesforce. McBride said:

"They (the salesmen) have good products to sell, and there are customers ready to buy, but they bugger about with graphs and pins instead of selling. They aren't making enough calls."

As a result, the firm commissioned the services of a consultant who made recommendations for changes in the firm's system of payment to salesmen. However, the changes were never implemented due to resistance from the firm's salesmen.

For a period of several weeks following the consultant's departure from the firm, McBride assumed the role of sales manager in the firm. It was

situation, and subsequently withdrew from his temporary involvement in the firm's sales function.

McBride completed an entrepreneurial goal questionnaire on each of the researcher's visits to the firm, and his ordering of the entrepreneurial goals was essentially consistent. However, on one occasion, in December, 1968, he appeared tired and depressed, and completely omitted to claim the goal of independence. On this occasion he said that he felt "vulnerable" rather than independent, and that his work ruled him rather than the reverse. In addition, he said that he experienced little independence from outside bodies and cited "the labour market" and "the government" in particular. In summarizing, he said:

"I am not finding much independence as a small businessman."

The Firm's Financial Crisis (1968/69) And The Bid For Control

Throughout 1968 and 1969, the firm continued to experience fairly severe trading difficulties in the home market and, in 1969, the firm's larger customer in the home market - a public company called Jason Electric - made a provision suggestion for a take-over offer. The suggested offer involved an exchange of shares in Jason Electric for the total equity of Electronic Instruments Limited. Honychurch favoured acceptance of this offer, but McBride and Curry declined to enter into negotiations.

In December, 1969, McBride returned from an exhibition in the USSR to find that the firm's maximum agreed bank overdraft of £20,000 had been exceeded by £8,000. As a result, I.C.F.C. advised the firm's bank to stop meeting the firm's cheques, and advised McBride and Curry to accept Jason Electric's offer for complete control of the firm. Jason Electric offered to indemnify I.C.F.C.'s £20,000 interest in the firm whilst offering a price of approximately £1,000 for the total equity. McBride and Curry said that this

preneurs said that the offer had been made on the assumption that they were faced with no choice but to accept.

Honychurch again favoured acceptance of the Jason Electric offer, which acted to reinforce a previous assumption by McBride and Curry that he had made a "backdoor deal" with the firm.

On returning from the Soviet Union, McBride called a meeting of the firm's salesmen, and explained the firm's financial situation to them. He instructed them to inform customers with outstanding debts that they would be visited in the near future with the hope of collecting outstanding debts. In the event, nearly £22,000 was collected in 2 weeks and, from thereon, the firm's bank overdraft remained at below the £20,000.

However, Jason Electric's account with the firm remained at £6,500, and payments were withheld in an apparent attempt to enforce acceptance of the take-over offer. McBride said:

"They (Jason Electric) are dependent on us to supply voltmeters for the money they have tied up in date loggas, and we'll make them pay dearly later on."

By January, 1970, the firm's bank overdraft stood at £14,000. McBride said:

"We've informed all the workers of the firm's situation, and everyone down to the cleaner knows the exact size of the firm's bank balance, and they're all working like hell to save the firm. We have 30 per cent of the staff out with 'flu right now, and still products are going out to customers."

At this time, the entrepreneurs calculated a financial breakeven figure of £15,700 sales turnover per month. Approximately half of the sales turnover above that figure was estimated to be profit. The entrepreneurs set up a profit sharing incentive scheme, embracing the production and sales managers, all of the firm's salesmen and the buyer, in an attempt to increase output and sales.

At the end of January, the firm's existing one-year contract with

"under the guise that the contract had expired." However, within 3 weeks, Jason Electric approached McBride for further supplies and, on this occasion, McBride asked the firm to pay half of its outstanding debt to the firm, and this was agreed.

The Cause Of The Firm's Crisis

Within days of McBride's return from Moscow, 8 administrative personnel were dismissed - 3 production overhead staff, 4 sales staff, and one design engineer.

McBride and Curry said that the principal cause of the firm's overtrading had been Honychurch's "inflated thinking." McBride, who had cut the firm's administrative workforce in July, 1969, and again on returning from the USSR, said:

"Honychurch built up the administration due to his inflated thinking. He was always thinking in big terms - millions - and he was very inconsistent. One minute he used to talk about hiring brilliant young design engineers at £5,000 p.a., and the next minute he wanted to cut overheads down to nothing. His views altered by extremes over short periods of time. If we got no orders for three days, he thought we were going broke, and then if we got a cheque in for £1,000, he was jubilant. He couldn't smooth out the good and the bad, and you have to im business."

McBride continued:

"He (Honychurch), isn't even a good engineer. He's dim and out of date. He never had any respect for our young design engineers, and used to tell them they were no good but, in fact, comparing them with the people I knew at Vickers, they're very good."

Entrepreneurial Goals During The Crisis

McBride completed the entrepreneurial goal questionnaire at monthly intervals throughout the duration of the crisis, and ordered his goals fairly consistently, as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Independence	18.5
2	Economic Rewards	18.0
3	Being Able To Pick The People You Work With	15.0
4	Finding An Outlet For Personal Abilities	14.0
5	Security	12.5
6	Building Something To Leave To The Son/s	1.5
-	The Status Associated With Being Your Own Boss	0.0
-	Achieving Recognition In The Field Of Management	0.0

The principal alterations in goal order appeared to have occurred as a result of valued goals being perceived as being challenged in their attainment. Thus, the goal of 'Independence' was rated the entrepreneur's No.1 goal, and 'Being Able To Pick The People You Work With' rated No. 3.

Goal 1: "Independence"

McBride said:

"If we accepted the take-over, and we may have to, we would have to go through the process of periodically retiring and offering ourselves for re-election. I don't fancy having my future decided by a bunch of shareholders."

Goal 3: "Being Able To Pick The People You Work With"

McBride said that Jason Electric had made a loss during the previous financial year, and would probably be ruthless with the firm's employees in order to show quick financial results. This, he said, would result in many of his colleagues being dismissed, and himself having to work with the directors of the other firm whom he described as a "worthless outfit."

Goal : "Achieving Recognition In The Field Of Management"

This goal was still not valued even though acceptance of the take-over offer would have facilitated its attainment.

By February, 1970, even though the firm was continuing to survive and appeared to be making a small profit, the entrepreneurs still felt insecure.

McBride said:

"We are still fairly vulnerable - 3 bad months in succession and the banks and I.C.F.C would completely lose confidence in us, and so we're forced to improve our security by looking around for someone with money to put into the firm. Even some of our suppliers are jittery at the moment."

He continued:

"You have to maintain confidence in yourself in business. If you don't, it translates to your bank managers and you're in trouble - it's psychology. Quite a lot in life depends on attitudes of mind as distinct from facts and figures."

The entrepreneurs were willing to consider further offers for shares in the firm, and they claimed that the only reason why Honychurch had not been voted off the board was that they were hopeful that he might invest a further sum in the order of £10,000 in the firm as an aid to its survival.

Two further offers were forthcoming. The first was from another public company, Radial Electronics Company Limited. This firm offered to guarantee I.C.F.C's interest and pay £5,000 for the entrepreneurs' shares. However, the management of this firm wanted to integrate Instrument Electronics into its own premises, and dismiss the existing sales staff. McBride and Curry rejected this offer, largely on the grounds that the process of integration into the other firm would have destroyed Instrument Electronics as a separate entity, and would have reduced their independence to an unacceptable level. In addition, McBride and Curry would have received only £2,500 between them for their shares, which would not have financed the setting up of a new firm of any reasonable size.

A second firm interested in buying shares was a medium-sized family controlled electronics firm - Colsham Lyme Limited. The owner-manager of this

offer. He said that, if he made an offer, he would guarantee the I.C.F.C. loan. Further, he assured the entrepreneurs that he would be willing to allow them to continue functioning in the existing premises without supplementing the existing management. In addition, the firm in question had a product-line markedly different to that of Instrument Electronics Limited. This, in turn, was likely to have acted as a guarantee of independence for McBride and Curry.

McBride, in the presence of Curry, said of the owner of Colsham Lyme:

"He struck us as a straight forward bloke interested in giving people a fair deal. Like us, he thinks I.C.F.C are mercenary crooks, and would buy them out completely. He was different to the other people we've had looking at the firm. He was interested in people and engineering ability - not just profit. It's amazing the different things people look at when they're considering buying a firm."

In the event, a 75 per cent share-holding was made a condition of any offer, and the entrepreneurs rejected this on the grounds of the potential loss of independence.

Another party interested in buying a stake in the firm was Brian Saunders, the owner of Instrument Products Limited, who, at the end of the research project, was attempting to raise the money to buy Honychurch's shares at par.

Entrepreneurial Goals Following The Crisis

In May, 1970, when the firm's survival as an independent entity seemed assured, McBride's goals had begun to revert to their pre-crisis ordering. His ordering in May, 1970, was as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic Rewards	11.5
equal 1	Independence	11.5
3	Finding An Outlet For Personal Abilities	10.0
4	Being Able To Pick The People You Work With	8.5

5	Security	1.0
6	Building Something To Leave To The Son/s	2.5
-	The Status Associated With Being Your Own Boss	0.0
-	Achieving Recognition In The Field Of Management	0.0

McDride said:

"I can't see us going public now. Our growth rate hasn't been what we expected. We'll probably just try to consolidate and sell out in 3-4 years time and start again. We'll probably invest half of what we get, and hold onto the other half for security. I've begun to worry about security a lot more lately than I used to. I've realised that you can lose the whole lot overnight. We got a bit over-confident in the good years."

At this time, Honychurch paid £25,000 for a subsidiary of a local firm which was moving to Scotland. McDride said:

"He'll probably build it up for his son. He seems very satisfied with knowing it's all his. He said to me, "It's all mine."

7.4.2. ROGER CURRY

Entrepreneurial Goals At The Time Of Entry Into Entrepreneurship in 1960

Like McDride, Curry had experienced a low level of job satisfaction in employment. He said:

"In 1960, when we struck out on our own, I felt we were doing something worthwhile. I felt that the research work I had done in the past had been of no use to humanity as a whole."

In January, 1969, Curry claimed to be able to recall his goals, as they had applied in 1960, quite clearly, and stated them as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	19.0
2	The status associated with "being your own boss"	15.5
3	Being able to pick the people you work with	13.5

4	Independence	11.0
5	Economic rewards	9.5
6	Achieving recognition in the field of management	3.5
-	Security	0.0
-	Building something to leave to the son/s	0.0

Thus, Curry said that finding a useful outlet for personal abilities was his main goal resulting from his previous career background of frustration. Like McBride, he said that, in the past, he had done research work for research establishments, which had often been commissioned often only as a form of "window dressing." Also, in industry, he said, he had done a great deal of research and development work for military contracts which had subsequently been cancelled by the government.

Entrepreneurial Goals At The Beginning Of The Research Project In 1967

In November, 1967, Curry had ordered his goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	17.5
2	Economic rewards	15.5
3	Independence	8.5
4	Being able to pick the people you work with	4.0
5	The status associated with "Being Your Own Boss"	3.5
equal 5	Achieving recognition in the field of management	3.5
7	Security	1.5
-	Building something to leave to the son/s	0.0

Curry's principal goal continued to be that of 'Finding an outlet for personal abilities'. His most valued form of attainment of this goal, he said, was that attained through participation in directing the firm's growth. Another form of attainment, he claimed, was through identification with the

Entrepreneurial Goals Throughout The Research Project

Throughout the research project, Curry's entrepreneurial goals remained essentially as they were recorded above. However, during the period of the firm's crisis, the values attached to the goals of 'Independence' and 'Security' respectively increased, only to decrease again at the end of the research project.

7.4.3. LES HONYCHURCH

For 12 months after leaving the firm he had founded, Honychurch lived off an invested income, and devoted his time solely towards a life of leisure. He embarked upon 4 Mediterranean cruises, gave a series of extravagant parties purchased horses and other expensive commodities, and devoted his time towards "the best that money could buy."

However, Honychurch said that he became dissatisfied with this sort of life:

"After a year, I realized it couldn't go on. My friends were all working businessmen, and couldn't spare the time to attend the number of parties I used to give. I was tired of the Mediterranean and life was empty. I used to wake up in the morning knowing I would find nothing more constructive to do during the day than repair an electric fire and replace a light bulb. I was never the sort to do much reading - I always wanted to be doing, and so life was completely empty."

Further, he became alarmed at the rate at which his capital was diminishing:

"I was finding it possible to get through £1,000 in a week, and you start paying surtax over £2,000 p.a. on an unearned income. I knew that, for tax purposes, I had to get an earned income - an unearned income doesn't survive tax at the level I live."

As a result of this situation, he decided to buy a stake in a small firm.

Honychurch said that, in selecting a firm in which to take a share in ownership, he had been primarily concerned with the prospective firm's size and degree of technical sophistication. He said that he had had no intention of investing a large sum of money due to the associated risk. His prime concern from a financial viewpoint, he said, had been to earn an income rather than to make a large return on his capital. Thus, he had looked for a firm small enough for a relatively modest investment to yield a sizeable shareholding and thus allow him a large measure of expression in directing the firm's growth. On the other hand, Honychurch said, he had been looking for a firm which was technically sophisticated for its size in order to facilitate future growth.

In the event, Honychurch considered several firms as a result of seeing their products displayed at electronics exhibitions, but finally decided to make an offer to McBride and Curry as a result of seeing their products displayed at the Physical Society Exhibition in 1964. After a year of negotiations, he took a 45 per cent stake in the firm for £15,000.

Honychurch's Goals On Re-Entry Into Entrepreneurship In 1965

Honychurch claimed that his goals, on re-entry into entrepreneurship in 1965, had been as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding An Outlet For Personal Abilities	17.5
2	Being Able To Pick The People You Work With	14.0
3	Building Something To Leave To The Son/s	10.5
4	Achieving Recognition In The Field Of Management	10.0
5	Economic Rewards	8.5
-	Security	0.0
-	Independence	0.0
-	The Status Associated With Being Your Own Boss	0.0

Honychurch said:

"The desire to create and make something better than other people should always come before a desire to make money. This doesn't always apply. I know that Mac (McBride) puts money before anything else."

Goal 2: "Being Able To Pick The People You Work With"

Honychurch said:

"This is important. It's something which most executive managers have anyway, whether they're self-employed or not. It's very satisfying to be able to push (promote) promising young men, and give them a chance to shine before they would be able to in a larger firm."

Goal 3: "Building Something To Leave To The Son/s"

Honychurch said:

"In 1965 my son was 20, and working in the electronics industry. I was very hopeful that he would make some headway where he was, and that I would eventually be able to put him on top of an electronics empire. That would be a great thrill for me."

Goal 4: "Achieving Recognition In The Field Of Management"

Honychurch said:

"I've valued management recognition for a long time - ever since my other firm really began to make a real impact in the industry."

Goal 5: "Economic Rewards"

Honychurch said that his only financial aspiration was to maintain his already established standard of living without diminishing his fund of capital.

Goal: "Security"

Honychurch said:

"There is no security in business and, if I'd been looking for security, I'd have joined the Civil Service, where it's impossible to get sacked, rather than going into business where you can go broke. You never achieve security in business until you sell out."

Goal: "Independence"

Honychurch said he considered that independence in business was impossible:

"Independence is non-existent in business. You are reliant on banks and people like I.C.F.C. to loan you money, customers, suppliers, the market, government policies, employees, being able to rent premises and so on. The only time you get independence is when you retire and live off your capital."

Goal: "The Status Associated With Being Your Own Boss"

Honychurch said that he had appreciated this form of entrepreneurial gratification, but took it for granted.

Entrepreneurial Goals In 1970 At The Time Of Purchasing Total Control Of A Small Firm.

In 1970, Honychurch severed links with Instrument Electronics Limited, and purchased total control of a small electronics firm employing 25 personnel. His son joined him as a manager in the firm.

At this time, Honychurch ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	19.0
2	Building something to leave to the son/s	18.5
3	Being able to pick the people you work with	16.0
4	Achieving recognition in the field of management	7.0

3	Economic rewards	5.0
-	Security	0.0
-	Independence	0.0
-	The status associated with being your own boss	0.0

7.4.4. TONY EDWARDS

Edwards ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding An Outlet For Personal Abilities	20.0
2	Independence	19.5
3	Economic Rewards	19.0
4	Security	13.5
5	The Status Associated With Being Your Own Boss	12.5
6	Achieving Recognition In The Field Of Management	11.0
7	Being Able To Pick The People You Work With	8.5
-	Building Something To Leave To The Son/s	0.0

Edwards said:

"In 1960, a lot of us at Vickers were debating going into business, and quite a few did."

He continued:

"Because I'm a family man, I look for security in my job. That's why I didn't go into business myself. I don't really feel secure though even now. I'd feel secure if I worked for I.C.I. but it's more difficult for a small firm to ride a storm."

7.4.5. LAWRENCE PRICE

Price ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Achieving Recognition In The Field Of Management	15.5
2	Finding An Outlet For Personal Abilities	12.5

3	Economic Rewards	11.0
4	Being Able To Pick The People You Work With	10.0
5	Independence	9.0
6	The Status Associated With Being Your Own Boss	6.0
7	Security	4.5
-	Building Something To Leave To The Son/s	0.0

Price said:

"I would very much like to have my own firm, but I haven't got the capital. I wouldn't start with other people's money because then you're working for them and you lose your independence."

He continued:

"I know there wouldn't be much security in it, but there's little enough employment security in a small firm anyway - they're liable to take-overs, mergers, and failures, and sales are the first to get chopped in any of these cases."

7.5. ORGANIZATIONAL GOALS

7.5.1/2 McBRIDE/CURRY

McBride and Curry both claimed that, in 1960, the firm's principal goal was that of providing employment for themselves. They defined the firm's goals at that time as follows:

McBride

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	18.5
2	To make a profit as a return on capital employed in the firm.	13.5
-	To provide the market with goods and services	0.0
-	To provide employment for employees	0.0

Curry

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	20.0
2	To make a profit as a return on capital employed in the firm.	8.5
-	To provide the market with goods and services	0.0
-	To provide employment for employees	0.0

However, at the time of the research project, the entrepreneurs' ordering of organizational goals had altered, and was as follows:

McBride

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital employed in the firm.	20.0
2	To provide employment for the owner/s	11.5
3	To provide employment for employees	3.5
-	To provide the market with goods and services	0.0

Curry

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	"To establish a profit-making record which will itself have a value for the purposes of becoming a public company."	19.0
2	To provide the market with goods and services	13.5
3	To provide employment for the owner/s	12.0
4	To provide employment for employees	4.5

PROFIT

The entrepreneurs' answered questions on profit as follows:

- (i) Function Of Management: McBride selected questionnaire alternative (a), i.e., Profit Maximization.
- (ii) Policy On Profit: Again McBride selected questionnaire alternative (a).
- (iii) Determination Of An Acceptable Level Of Profit: McBride selected questionnaire alternatives (d), (e), (j) and (k) in that order.
- (iv) Justification Of Profit: McBride selected questionnaire alternative (c) consistent with a business ideology of Social Responsibility.

Curry

Curry's replies to the above questions were given in the presence of McBride, and were identical to those given by McBride except that, in the case of (iii) above, factors (j) and (k) were reversed in order.

7.5.3. LES HONYCHURCH

Honychurch ordered the firm's goals, as he perceived them, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	17.5
2	To provide employment for the owner/s	16.0
3	To provide the market with goods and services	4.5
-	To provide employment for employees	0.0

The firm's sales manager and production manager ordered the firm's goals, as they perceived them, as follows:

PROFIT

- (i) Function Of Management: Honychurch selected questionnaire alternative (a), i.e., Profit Maximization.
- (ii) Policy On Profit: Honychurch again selected questionnaire alternative (a).
- (iii) Determination Of An Acceptable Level Of Profit: Honychurch selected questionnaire alternatives (j), (k), (b), (d) and (c) in that order.

(a), consistent with a business ideology of Laissez-Faire.

7.5.4. TONY EDWARDS

Tony Edwards, who had previously worked with McBride and Curry in employment, ordered the firm's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm.	20.0
2	To provide employment for the owner/s	17.5
3	To provide the market with goods and services	13.5
equal 3	To provide employment for employees	13.5

PROFIT

- (i) Function Of Management: Edwards selected questionnaire alternative (a), i.e., Profit Maximization.
- (ii) Policy On Profit: Again Edwards selected questionnaire alternative (a).
- (iii) Determination Of An Acceptable Level Of Profit: Edwards selected questionnaire alternatives (a) and (b), in that order.
- (iv) Justification Of Profit: Edwards selected questionnaire alternative (b), consistent with a business ideology of Long-Term-Company-Interest.

7.5.5. LAWRENCE PRICE

Price, who had always previously worked for large firms, and who had not known the entrepreneurs previous to joining the firm, ordered the organization's goals as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm.	20.0
-	To provide employment for the owner/s	0.0
-	To provide the market with goods and services	0.0
-	To provide employment for employees	0.0

that of profit. The other 3 goals presented on the questionnaire, he said, were not essentially goals but "bye products" of the profit goal.

PROFIT

- (i) Function Of Management: Lawrence selected questionnaire alternative (a), i.e., Profit Maximization.
- (ii) Policy On Profits: Again Lawrence selected questionnaire alternative (a).
- (iii) Determination Of An Acceptable Level Of Profits: Lawrence selected questionnaire alternatives (h), (a) and (b) in that order.
- (iv) Justification Of Profit: Lawrence selected questionnaire alternative (a) consistent with a business ideology of Laissez-Faire.

7.6. LEADERSHIP AND DECISION-MAKING

Division Of Decision-Making Duties Within The Firm

Curry and McBride said that, from the viewpoint of major decisions, they functioned as joint Managing Directors. However, on paper, McBride was the firm's Managing Director, and Curry was the firm's Company Secretary though, in practice, the firm's accountant performed most of the duties associated with this function.

At a day-to-day level, Curry concerned himself principally with the product design function, whilst McBride functioned as Managing Director. Both described Honychurch as, "really a chairman," concerning himself essentially with policy making duties.

STRATEGIC DECISION-MAKING

Both McBride and Curry claimed that, prior to the offer for control from Jason Electric, Honychurch had made the firm's major decisions, e.g., the location of the firm's new premises, and the raising of finance, using a persuasive leadership style vis-a-vis themselves. However, McBride and Curry had,

decisions by subordinates.

ADMINISTRATIVE DECISION-MAKING

No formal meetings, involving only the firm's directors, were convened in this firm. McBride said:

"Life is all one big board meeting here."

However, formal meetings were convened at 6 monthly intervals, in the presence of subordinates, in order to set and review sales targets. These meetings were convened with Honychurch acting as chairman in the presence of McBride and Curry, the firm's Production Manager, Sales Manager, and all of the firm's salesmen. Thus, a consultative decision-making style was adopted in setting sales and production targets.

The Decision To Commission A Sales Consultant

Both McBride and Curry had been convinced that the cause of the firm's sales difficulties, experienced in 1968, had been a lack of motivation on the part of the firm's sales force.

The consultant used by the firm, William Thomson, was a social friend of David McBride, who had introduced him to Curry and Honychurch. Subsequently, the possibility of commissioning Thomson's services had been discussed "once or twice informally," and the decision to employ him had finally been made "over tea." Price was not consulted until after the decision had been made. He said:

"Thomson was a 'con-man'. He was a friend of Mac's, and Mac said he wanted to bring him in. I said okay. Both Mac and Roger were very naive about sales, and they wouldn't believe the market had really changed. They thought our approach was wrong. Thomson was dreadful really. Mac had convinced him that the orders were there if he could increase our motivation. Thomson recommended that salesmen's commission should be based partly on the number of calls made, and said that commission shouldn't operate as a blanket percentage on all sales, but should be tied to the profit margins on the various products. He recommended an extra salesman

for someone and we got one. Nothing else he recommended was put into operation because the salesman told Mac it wouldn't work."

Product Development Decisions

Price criticised the entrepreneurs' failure to consult him on product development decisions. He said:

"Roger, Mac and a young lad, have a ten minute discussion to decide on a new product to work on. If they had taken my advice, we could have a turnover of £1M p.a. in tape recorders alone by now."

In 1970, McBride said:

"I must admit, looking back, we've found salesmen's reports good over time. We're two years late with our panel meter, and we've just put out a new tape recorder as Lawrie (Price) wanted."

COMMUNICATIONAL DECISION-MAKING

At this level of decision-making, the entrepreneurs and other respondents claimed that essentially different leadership styles were used in the context of the functions of the particular department concerned. They claimed the adoption of an autocratic style in decisions involving the production department, a persuasive style for decisions involving the sales department, and a consultative style for those involving the laboratory and drawing office.

7.7. JOB SATISFACTION (Appendix 1. 0:7)

7.7.1. DAVID McBRIDE

<u>Job Situation</u>	<u>Level of Job Satisfaction</u>
Typically in employment	Moderate to High (5)
Immediately prior to entry into entrepreneurship	Low (2)
Immediately after entry into entrepreneurship	Very High (7)
Typically in entrepreneurship	High (6)

McCuria said:

"In some ways this (job satisfaction) declines as the firm grows because you have a finger in less pies. You have to specialize more and you get wrapped up in paperwork. Things become more impersonalized all round."

He continued:

"I think that, once you've gone out on your own and got used to the things that being your own boss has to offer, you're unemployable as far as anyone else's concerned."

7.7.2. ROGER CURRY

<u>Job Situation</u>	<u>Level Of Job Satisfaction</u>
Typically in employment	Moderate to High (5)
Immediately prior to entry into entrepreneurship	Moderate to Low (3)
Immediately after entry into entrepreneurship	Very High (7)
Typically in entrepreneurship	Very High (7)

7.7.3. LES HONYCHURCH

<u>Job Satisfaction</u>	<u>Level Of Job Satisfaction</u>
Prior to first entry into entrepreneurship	Moderate (4)
Immediately following entry into entrepreneurship	Very High (7)
10 years after entry into entrepreneurship	Moderate to High (5)
As a director of Instrument Electronics Limited	High (6)
On purchasing total control of a small firm in 1970	Very High (7)

Job SituationLevel Of Job Satisfaction

Typically in employment

Moderate to High (5)

Immediately before leaving Vickers

Moderate to Low (3)

Production Manager at Electronic
Instruments Limited

High (6)

7.7.5. LAWRENCE PRICEJob SituationLevel Of Job Satisfaction

Typically in employment

High (6)

Sales Manager at Electronic
Instruments Limited

Moderate to High (5)

7.8. ROLE TIME INTENSITIVITY7.8.1. DAVID McBRIDE

McBride claimed that, during the early stages of entrepreneurship, he had worked, on average, from 8.0 a.m. to 8.0 p.m., 5 days a week, and 8.0 a.m. to 2.0 p.m. on Saturdays. Total average working week = 66 hours with 2 weeks annual leave.

However, at the time of the research project, he claimed an average working week of 8.45 a.m. to 5.45 p.m., 5 days a week. In addition, he read the firm's post on Saturdays. Total average working week = 46 hours with 2 weeks annual leave.

7.8.2. ROGER CURRY

Curry claimed to work essentially identical hours to McBride.

7.8.3. LES HONYCHURCH

The researcher was unable to make an accurate estimate of Honychurch's working hours at the time of his initial entry into entrepreneurship. However, Honychurch said:

he worked day and night. We just lived for our work and nothing else. My wife used to say she wouldn't recognise me in a crowd in those days - she saw so little of me."

As the firm had grown, he claimed, his working week had gradually declined in length as he became increasingly responsible for the co-ordination of the firm's research effort rather than for the functioning of the firm as a whole. At the time of leaving the firm which he had helped to form, he claimed to have worked 45 hours per week with 4 weeks annual leave.

At Instrument Electronics Limited, Honychurch performed the functions of a chairman with no responsibilities for day-to-day administration. As a result, he was able to spend much of his time outside the firm at exhibitions and visiting other firms run by his friends. Consequently, he spent an average of between 20 and 30 hours a week in the firm performing a specific managerial function.

7.8.4. TONY EDWARDS

Edwards claimed to work, on average, from 8.0 a.m. to 6.0 p.m., 5 days a week. Thus, average length of working week = 50 hours with 3 weeks annual leave.

7.8.5. LAWRENCE PRICE

Price claimed to start work at approximately 9.0 a.m. However, he claimed that the entertainment element of his job tended to be concentrated around lunch-time and evenings, thus rendering the time of completion of his working day susceptible to wide fluctuations. In addition, he claimed that this led to a "blurring" of the division between work life and leisure life. However, he estimated his average total working week at 55 hours, with 3 weeks annual leave.

7.9.1. DAVID McBRIDE

Nichols's

Subject Groups

Ideological Set

<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
1	-	-
1	-	-
1	-	-
-	1	-
3	1	0

Appendix 1: O's 11-15

Profit

1 - -

Employees

- 2 1

Customers

- 1 -

Government

- 1 -

Employers Organizations

- 1 -

1 5 1

7.9.2. ROGER CURRY

Nichols's

Subject Group

Ideological Set

<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
1	-	-
1	-	-
1	-	-
-	1	-
3	1	0

Appendix I. O's 11-15

Profit	1	-	-
Employees	1	1	1
Customers	-	-	1
Government	-	1	-
Employers Organizations	-	1	-
	<hr/>	<hr/>	<hr/>
	2	3	2
	<hr/>	<hr/>	<hr/>

7.9.3. LES HONYCHURCH

Nichols's

Subject Groups

Ideological Set

	<u>S.R.</u>	<u>I.F.</u>	<u>L.T.C.I.</u>
Redundancy	-	1	-
Purpose	-	1	-
Information	-	1	-
Public Life	-	1	-
	<hr/>	<hr/>	<hr/>
	0	4	0
	<hr/>	<hr/>	<hr/>

Appendix I. O's 11-15

Profit	-	1	-
Employees	-	3	-
Customers	-	-	1
Government	-	1	-
Employers Organizations	-	1	-
	<hr/>	<hr/>	<hr/>
	0	6	1
	<hr/>	<hr/>	<hr/>

Nicholl'sSubject GroupsIdeological Set

<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
-------------	-------------	-----------------

Redundancy	-	-	1
Purpose	-	-	1
Information	-	-	1
Public Life	-	1	-
	<u>0</u>	<u>1</u>	<u>3</u>

Appendix 1. Q's 11-15

Profit	-	-	1
Employees	-	1	2
Customers	-	1	-
Government	-	-	1
Employers Organizations	-	-	1
	<u>0</u>	<u>2</u>	<u>5</u>

7.9.5. LAWRENCE PRICENichols'sSubject GroupsIdeological Set

<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
-------------	-------------	-----------------

Redundancy	-	-	1
Purpose	-	-	1
Information	-	1	-
Public Life	-	1	-
	<u>0</u>	<u>2</u>	<u>2</u>

Profit	-	1	-
Employees	-	2	1
Customers	-	-	1
Government	-	-	1
Employers Organizations	-	-	1
	0	3	4

7.10. ENVIRONMENTAL CONTROL

7.10.1. LABOUR SUB-ENVIRONMENT

Labour Turnover

The entrepreneurs' had initially claimed that the firm experienced relatively few difficulties in recruiting a stable labour force as they were "good employers": "We pay good wages, and we have a good sickness scheme," said McBride. He said that the firm experienced little difficulty in recruiting female workers, but experienced relatively high turnover amongst them, primarily, he considered, due to their domestic obligations. However, he said that, whilst skilled male workers were more difficult to recruit, little turnover was experienced amongst them. The firm's greatest difficulty, he said, was experienced in recruiting electronics test engineers. Here, the firm often had to hire personnel from a manpower agency, which proved expensive.

The firm's Production Manager initially claimed that the firm did not experience a high level of labour turnover, and estimated labour turnover in the firm to be in the region of 25 to 30 per cent per annum. However, labour turnover data were kept by the firm, but had never been previously analysed. When the Production Manager proceeded to explain the data to the researcher for the purposes of analysis (by the researcher), he said that

realised. He said:

"You get used to seeing some of the same old faces around month after month, and forget the people who just come and go."

Precise turnover figures for the production department, derived from an examination of the firm's files, were as follows:

LABOUR TURNOVER	MALE	FEMALE	TOTAL
<u>1966</u>			
Workforce Size	40	9	49
Labour Turnover	17	4	21
Percentage Labour Turnover	42.5	44.4	42.8
<u>1967</u>			
Workforce Size	42	13	55
Labour Turnover	22	11	33
Percentage Labour Turnover	52.3	84.5	66.7
<u>1968</u>			
Workforce Size	58	19	77
Labour Turnover	17	26	43
Percentage Labour Turnover	29.4	137.0	56.0
<u>1969</u>			
Workforce Size	73	23	96
Labour Turnover	33	15	53
Percentage Labour Turnover	52.0	65.3	55.1
<u>1970</u>			
Workforce Size	70	17	87
Labour Turnover	41	18	59
Percentage Labour Turnover	58.5	106.0	68.0

staff short of a full workforce, and lost staff to nearby Plessey, due to their higher wage levels. He said:

"Some come back though. They prefer the atmosphere at a small firm even though the pay is not so good."

Absenteeism

The firm operated a scheme of financial rewards for service unbroken by absenteeism, but was apparently lenient in agreeing to allow employees unpaid holiday. Time lost per employee due to sickness and unpaid holiday was as follows:

TIME LOST DUE TO ABSENTEEISM		
Year	Percentage of total working days lost due to sickness/per employee.	Time lost due to unpaid holiday/per employee.
1966	3.2	0.8
1967	3.6	1.5
1968	5.8	3.1
1969	3.9	4.1
1970	4.0	3.8

Unionization

The firm was not unionized. The entrepreneurs had successfully resisted an attempt at unionization amongst shop-floor craftsmen in 1966.

7.10.2. WORKFORCE EFFICIENCY SUB-ENVIRONMENT

(a) Administrative Control Systems

There was abundant evidence of the existence of administrative control systems in this firm. The functions of buying, selling, financial

ists. However, the firm experienced difficulties in the field of stock control and could not justify the services of a full-time stock control specialist.

(b) Workforce Structure

WORKFORCE STRUCTURE	MALE	FEMALE	TOTAL
ADMINISTRATIVE CATEGORIES			
(1) Management & Supervision	(3) *6	(1) 1	(4) 7
(2) Professionals	(11) 16	(0) 0	(11) 16
(3) Clerks	(1) 3	(3) 6	(4) 9
PRODUCTIVE CATEGORIES			
(1) Craftsmen	(4) 6	(0) 0	(4) 6
(2) Operatives	(18) 35	(6) 10	(24) 45
(3) Labourers	(2) 4	(0) 0	(2) 4
	(39) 70	(10) 17	(49) 87

(* figures in brackets relate to 1966. Other figures relate to 1970).

Ratio of administrative to total workforce = (19/49) 32/87

= (38.8) 36.8 per cent.

This figure appears relatively high and this was the cause to which McBride attributed the firm's eventual crisis. In fact, at the beginning of 1968, the figure had been even higher : of a total workforce of 77 personnel, 33 had been categorized administrative personnel, i.e., 42.8 per cent of the total workforce.

External Aids Claimed:

(a) To Sales:

- (1) Used Salesmen.
- (2) Used a Sales agent to sell in the Socialist countries.
- (3) Advertised in electronics trade journals using a Reference Card System.
- (4) Displayed the firm's products at, on average, 3 public trade exhibitions each year.
- (5) Organized private exhibitions of the firm's products.
- (6) Distributed £250 worth of advertising pamphlets and brochures per month.

(b) To Labour Recruitment:

- (1) Used newspapers for advertising jobs.
- (2) Used staff agencies for recruiting temporary typists.
- (3) Used manpower agencies to hire specialist labour.
- (4) Advertised jobs in local colleges.

(c) To Recruitment Of Information:

- (1) Used suppliers for information. Also, suppliers were sometimes used to do initial work on complex electrical assemblies.
- (2) Read Trade Journals.
- (3) Attended exhibitions to gain knowledge of competitors products.
- (4) Managers and supervisors attended management evening courses at a local college.
- (5) Recruited services of a management consultant.

(d) To Recruitment Of Finance:

- (1) Used a large bank overdraft.
- (2) Had secured financial aid from I.C.F.C.

(b) had recruited a partner in order to recruit finance and expertise.

Total number of Agencies claimed = 18.

Early in 1968, I.C.F.C. recommended the entrepreneurs to employ the services of management consultants to instal a stock control system in the firm, with the intention of reducing the firm's stock levels, and thus releasing non-productive finance for more useful purposes. I.C.F.C. offered to recommend a consultant to the entrepreneurs for this purpose. However, the entrepreneurs declined to accept I.C.F.C.'s advice, partly because of the cost of consultancy fees and, also, because they remained unconvinced that a consultant could in fact solve the firm's stock control problems.

7.10.4. TECHNICAL SUB-ENVIRONMENT (Appendix 1. 0.10 (i))

All 5 respondents selected questionnaire alternative (b) as adequately describing the state of the firm's technology.

Thus, the firm's Mean Technology Quotient =

$$\frac{\sum n x}{\sum n} = \frac{5 \times 6}{5} = \frac{30}{5} = 6.0$$

The firm's products were re-designed fairly frequently. In fact, an investment equivalent to approximately 10 per cent of the firm's annual sales turnover was made in research and development.

The entrepreneurs claimed that the rate of the firm's product re-design depended partly upon the rate at which competitors re-designed their own products, and partly upon the rate of change in component technology.

Though the firm produced a total of about 30 different electronic instruments, the bulk of it's sales occurred in respect of 3 basic products and modifications of them, which resulted in a fairly high degree of product specialization. In fact, digital voltmeters, d.c. amplifiers, and spectrum

analysers accounted for approximately 30 per cent of the firm's total sales.

Approximately 40 per cent of the firm's sales turnover was established in digital voltmeters, which were re-designed approximately every 3 years. Another 30 per cent of the firm's sales turnover was in d.c. amplifiers, which were re-designed every 18-24 months. However, the advent of integrated circuit electrical technology was partly responsible for this relatively rapid obsolescence rate which, it was expected, would decrease in the future. A further 20 per cent of sales turnover derived from spectrum analysers which typically lasted about 6 years before product re-design was necessitated. Thus, it appeared that the firm re-designed its entire product range on average, every 3 to 4 years.

The entrepreneurs said that, at the time of product re-design, they usually lagged the field, but after re-design they led it. Further, they claimed to re-design their products more frequently than most of their competitors, and said that the time they took to re-design a product was shorter than was the case with their competitors, due to the relatively short time taken between producing a proto-type and organizing full-scale production runs.

The firm had 5 principal competitors. Four of them were approximately the same size as Instrument Electronics Limited but were, in turn, subsidiaries of larger American parent firms. The entrepreneurs claimed that, due to the limitations which the greater total size of their competitors imposed upon these competing firms, Instrument Electronics had greater flexibility in product redevelopment. In fact, they claimed that they could produce a saleable product, from a proto-type, in 6 months, whereas their competitors took, usually, in the order of 3 times as long. Further, good communications between the research and development section of the organization and the production section were maintained as a result of Roger Curry functioning as the firm's chief design engineer. In fact, the greater part of Curry's salary

was charged to research and development. The firm's other major competitor was a large firm in its own right - the firm that Honeychurch had founded and, which once again, was controlled by an American parent company.

7.10.5. MARKET SUB-ENVIRONMENT (Appendix I. 0.10. (ii))

(a) Established Market-Product Situations

The firm had over 300 customers with live accounts, but 2 of them accounted for approximately 40 per cent of the firm's total sales turnover. One of these customers was 'Data Loop', an agency selling in the Socialist bloc and principally in the USSR, whilst the other was a subsidiary of a public company in the U.K. The entrepreneurs said that, whilst they had "certain anxieties" about being reliant upon 2 customers for a large proportion of their total sales turnover, the resulting large orders facilitated fairly large production runs and low associated overhead costs.

Further, the entrepreneurs claimed that the above 2 customers were both fairly reliant upon the firm's products. The 'Data Loop' agency sold solely in the Socialist bloc, and Instrument Electronics accounted for about one-third of the agency's total sales turnover. Further, the entrepreneurs claimed that there would be a "strong market" in the Socialist bloc for the next 20 years. McBride said: "It's not yet an economic proposition for them to produce their own instruments." Further, they pointed out that their largest British customer, Jason Electric, brought a special purpose-designed digital voltmeter from the firm which comprised a vital part of the latter's own data logging equipment. McBride said:

"Our survival is vital to Jason Electric. Otherwise, they would have to re-design expensive equipment."

The firm had 5 Established Market-Product Situations: digital voltmeters (U.K.); digital voltmeters (E.Europe); d.c. amplifiers (U.K.); spectrum analyzers (E.Europe) and other various products - tape recorders, panel meters, etc. (U.K.)

INSTRUMENT ELECTRONICS LIMITED

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>			<u>MARKET STRENGTH</u>
			<u>LOCAL</u>	<u>NATIONAL</u>	<u>INTERNATIONAL</u>	
Electro-Chemical Industry	Jason Electric & Co. Ltd.	Digital Voltmeters	10 per cent	U.K.		1 - 4
Electronics	Various	Digital Voltmeter	20 per cent			
Electronics	Data Loop	Digital Voltmeter	10 per cent		E. Europe	1 - 4
Public Sector Of The Economy	Universities, Hospitals, Electricity Board, etc.	D.C. Amplifiers	30 per cent	U.K.		2
Electronics	Data Loop	Spectrum Analyzers	20 per cent		E. Europe	5 - 6
Various	Various	Various (Tape Recorders, Panel Meters, etc.)	10 per cent	U.K.		2 - 4

(b) Market Strength

Market-Product Situation

<u>Respondent</u>	<u>Digital</u> <u>Voltmeters</u>	<u>D.C.</u> <u>Amplifiers</u>	<u>Spectrum</u> <u>Analyzers</u>	<u>Various</u>
David McBride	3	2	6	3
Roger Curry	3	2	6	2
Les Honychurch	4	2	5	2
Tony Edwards	2	2	-	-
Lawrence Price	1	2	5	4
Mean Market Strength :	<u>2.6</u>	<u>2.0</u>	<u>5.5</u>	<u>2.75</u>

$$\text{Aggregate Market Strength} = (0.4 \times 2.6) + (0.3 \times 2.0) + (0.2 \times 5.5) + (0.1 \times 2.75) = 1.04 + 0.6 + 1.1 + 0.275 = \underline{3.02}$$

Thus, total Market Flexibility = 5M + 3.02S

7.10.6. KNOWLEDGE SUB-ENVIRONMENT (Appendix I. 0.10.(iii))

<u>Elemental Sub-Environment</u>	<u>Actual Score</u>	<u>Possible Score</u>
(i) Labour Sub-Environment	5	10
(ii) Administrative Efficiency Sub-Environment	8	10
(iii) External Aids Sub-Environment	7	10
(iv) Technical Sub-Environment	9	10
(v) Market Sub-Environment	9	10
TOTAL :	<u>38</u>	<u>50</u>

Thus, 'Environmental Perception Quotient' = 76 per cent.

7.11.1/2. McBRIDE AND CURRY

McBride and Curry said that the principal causes of failure in small firms were:

- (1) lack of working capital
- (2) lack of effective accounting procedures.

They said that a lack of working capital rendered firms liable to bankruptcy due to overtrading during periods of expansion. Further, they said, inadequate accounting procedures led to a lack of awareness of real costs such as S.E.T. and overheads.

The entrepreneurs claimed to experience difficulties in accurately appraising overheads. However, in other respects, they appeared to possess a fairly clear perception of the firm's financial situation, for the firm's accountant was instructed to present the entrepreneurs, at the end of each month, with figures of money owed by the firm, money owing to the firm, and cash in hand. They claimed that their accountant, with an essentially large firm background, had not previously been used to this form of continuous financial accounting.

The firm's major problems, as perceived by the entrepreneurs, were associated with national Government. Throughout 1969 and 1970, all 3 of the entrepreneurs claimed the firm's major problem to stem from the national economic climate for which they saw the Labour Government to be responsible.

McBride said:

"The Government's policy of cutting home demand to encourage exports is disastrous. Exports aren't very profitable and breaking into new markets is very expensive. This policy will lose us all our profit this year (1968), and limit our borrowing power with I.C.F.C. This will limit our growth rate."

Prior to the firm's acquisition of a new premises in 1968, the entrepreneurs had consistently stated as a major problem, the Government's policy

of regional economic dispersal. This policy, through the regulation of Industrial Development Certificates by the Board of Trade, was creating difficulties for the firm in finding new premises, in the absence of a willingness to move to an Industrial Development Area. Curry said:

"They (the Government) are trying to push us up North. In a few years time, we might be able to move some of our well established products up there, but it would do us untold damage at the moment. It would put us at a grave disadvantage to our competitors who all operate in the London area - close to their suppliers and the available skilled labour. Nearly all our labour would leave us, and we're not big enough to offer them interest-free mortgages as inducements to move."

Further problems for which the entrepreneurs blamed the Government were:

- (1) Civil Service bureaucracy, which delayed the transportation of equipment to and from electronics exhibitions abroad (particularly in the Socialist bloc). They claimed that it often took the firm 3-4 months to get equipment to exhibitions and back again, and that this represented capital resources taken out of commission.
- (2) Selective Employment Tax, which acted to reduce the firm's fund of liquid trading capital, thus limiting the firm's growth rate.

Other stated problems were as follows:

- (1) Excessive form-filling. The entrepreneurs' complained at the amount of Government sponsored form-filling to which the firm was subjected. They showed the researcher the firm's 'Census Of Production' forms. Several copies, each in book form, were required to be completed separately. The entrepreneurs' claimed that this constituted several weeks work for one employee.
- (2) Customers, particularly the large firms, took 3-4 months to pay bills. The entrepreneurs' offered a 3 per cent rebate to customers paying within 10 days of being invoiced. However, many large firms took 3-4 months to pay and still deducted the rebate from their payment.

Half-way through 1969, the entrepreneurs stated the firm's major problems as follows:

- (1) "The economic climate."
- (2) "High overheads."
- (3) "Getting the sales we need. We need £20,000 a month. Once we break £16,000, about fifty per cent is profit. We need this sort of turnover to stop our bank manager getting jittery."

7.11.3. LES HONYCHURCH

Honychurch said:

"The main problem that the really small businessman faces is that he has no idea of costs and estimating. I remember when we (Honychurch and partner) first started, it was great to get orders - the thought of some-one paying you all that money - you think it's all profit. Small businessmen tend to think just in terms of sales turnover and forget profit."

7.11.4. TONY EDWARDS

Edwards perceived the firm's major problems as around difficulties in financing the firm's expansion and keeping staff respectively:

Finance:

Edwards said:

"Our major problem in this firm is shortage of money. We are always trying to expand, but every time we expand production, we have to pay for components months before we get paid by customers, and this causes problems. Most of our customers take two months to pay anyway, and our suppliers only give us one month's credit. We try not to carry big stocks in order to minimize our financial difficulties, but we don't want to have to wait months for deliveries. We place about 50 per cent of our orders six months ahead on a monthly call-off basis. But still our financial problems are worse than our production problems."

Edwards said:

"We have difficulty keeping staff when large electronics firms locally can afford to pay more."

7.11.5. LAWRENCE PRICE

Price claimed that the firm's major problem lay in its lack of attention to market research. He said:

"When I find out what new products Roger is working on, I ask the salesman to get customers reactions to them. But they (McBride and Curry) never consult me about what we ought to be making. In 1968, I told the directors that there was a big market for panel meters, but they ignored the advice and now panel meters are the big thing, and we're two years behind the field. The market is full of panel meters now, and the directors have just decided to enter the field, but, even now, I haven't been consulted on the spec. (specification)."

7.11.6. THE FIRM'S ACCOUNTANT

The researcher was able to meet the firm's accountant and asked him what he considered to be the firm's major problems. The accountant, in reply, claimed that the firm had been continually overtrading, and had already been in fairly serious difficulties at the time of receiving the first loan from I.C.F.C.

7.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

The firm's profit record for the period under study was as follows (see page 400) :

INTERNATIONAL ELECTRIC COMPANY

INSTRUMENT ELECTRONICS LIMITED

YEAR	1964	1965	1966	1967	1968	1969	1970
CAPITAL EMPLOYED	\$10,294	\$19,695	\$26,919	\$32,254	\$60,559	\$69,591	\$72,563
SALES TURNOVER	\$46,944	\$61,877	\$103,100	\$130,652	\$159,929	\$191,201	\$192,126
PROFIT (Pre Tax, Post Dep'n)	\$441	\$2,250	\$7,419	\$5,102	\$10,617	\$1,156	\$506
PERCENTAGE PROFIT RETURN ON CAPITAL EMPLOYED	4.3	11.4	27.6	15.8	17.0	1.6	0.7

In 1967 and 1968, the three directors took a total of \$10,000 per annum from the firm, (i.e. the maximum permitted by the 1965 Close Companies Act). In 1969 and 1970, the total directors' remuneration was reduced to \$9,000 (in 1969) and \$7,000 (in 1970) respectively.

- 8.0. JAMES STANLEY LIMITED
- 8.1. BRIEF DESCRIPTION OF THE FIRM
- 8.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS
- 8.3. RESEARCH METHOD
- 8.4. ENTREPRENEURIAL GOALS
- 8.5. ORGANIZATIONAL GOALS
- 8.6. LEADERSHIP AND DECISION MAKING
- 8.7. JOB SATISFACTION
- 8.8. ROLE TIME INTENSITIVITY
- 8.9. BUSINESS IDEOLOGY
- 8.10. ENVIRONMENTAL CONTROL
- 8.11. MAJOR ORGANIZATIONAL PROBLEMS
- 8.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

This firm had been formed by James Stanley in 1945, with a registered capital of £500. However, Stanley died in 1962 and, throughout the current research project, the firm was controlled by Roy Stanley, James Stanley's only son.

Until Roy Stanley joined the firm on leaving school in 1948, the firm had numbered only 2 personnel - James Stanley and his wife who was a director in the firm, and functioned as Company Secretary. When Roy Stanley left the firm to join the army in 1949, his father had taken on the firm's first employee, and the firm had then remained at its existing size until Roy Stanley re-joined the firm as a director in 1951. However, soon afterwards, the firm had been commissioned to manufacture a pharmaceutical tablet packaging machine. This order was successfully completed and, from thereon, the firm had built up an expanding interest in pharmaceutical packaging machinery, to be followed later by an interest in manufacturing packaging machinery for non-pharmaceutical firms:

In 1955, the firm's issued capital was increased to £5,000 with Roy Stanley holding 2,100 of the 5,000 shares. In 1962, the firm had moved to a new premises and, in the same year, James Stanley died. Roy Stanley's wife then succeeded his mother as Company Secretary, and the firm's issued capital was increased to £55,000.

At the beginning of the research project, the firm had employed nearly 140 personnel in its Surrey plant, and another 30 in 2 subsidiaries in Germany and the United States of America. The small German subsidiary merely assembled equipment manufactured at the Surrey plant, whilst the American subsidiary was concerned solely with the sale and maintenance of finished equipment. The latter subsidiary had been formed fairly recently in order to replace an agent in what was the firm's largest market.

Until 1968, the firm had always expanded out of internally generated

and, in 1968, Stanley borrowed £150,000 from the Midland Bank and the Industrial and Commercial Finance Corporation in order to finance the purchase of an additional premises. The entrepreneur was in membership of the Institute of Packaging.

8.2. BIOGRAPHICAL DESCRIPTIONS OF THE ENTREPRENEURS

8.2.1. ROY STANLEY

Roy Stanley was born in 1931, the only child of working class parents. His father had been an engineering craftsman, and his mother an office typist.

Stanley had left grammar school at the age of 17, and joined his father who was, at that time, self-employed doing local engineering repair work. At the age of 18, Stanley had been conscripted into the army. On leaving the army in 1951, he had worked for several months with a medium-sized engineering firm as an assistant buyer. However, he had been dissatisfied with this situation, and had returned to join his father as a director of the family firm.

At this time, the firm had employed only one non-family member, but had then expanded rapidly until the time of James Stanley's death in 1962. Roy Stanley had succeeded his father as the Managing Director of the firm, and had subsequently accelerated the firm's rate of growth.

At the age of 25, Stanley had married a ladies hairdresser and, at the time of the current research project, had a son.

Politics:

- (a) Had always voted Conservative.
- (b) Parents had voted Labour until 1955, and subsequently voted Conservative.
- (c) Claimed to vote as a businessman rather than as a private citizen.
- (d) Saw the difference between the two major political parties as being based upon fundamentally different ideological standpoints.

Life-Style:

- (a) Make of car: Jaguar (firm's car)
- (b) Location and value of house: Chertsey, £10,000
- (c) Type of school chosen for children: one child - at fee-paying prep. school
- (d) Holidays taken at: Spain/Germany/U.S.A.
- (e) Leisure interests: Golf and reading books on management.
- (f) Membership of clubs and associations: member of a golf club and Member of the Inst. of Packaging.
- (g) Principal friends in leisure life:

Occupation

Situation Of Initial Meeting

Accountant

In work situation.

Entrepreneur

In work situation.

Assistant Bank Manager

Members of the same golf club.

Electronics Design Engineer

Members of the same golf club.

Design Engineer and Technical

Director of James Stanley Limited

During National Service in the army.

8.2.2. ERIC BILLINGHAM

Eric Billingham was the second child and only son of a working class family. His father had been a long-distance lorry driver, and his mother had been employed as a hand-painter in a factory manufacturing toys.

Billingham left school at the age of 15, and became an indentured apprentice. At the age of 18, he joined the army where he met Roy Stanley. On leaving the army, Billingham had completed his apprenticeship, and qualified as a professional design draughtsman. His association with Stanley had continued after leaving the army, and resulted in him joining the family firm soon

after completing his apprenticeship.

In 1965, Billingham had been made a director in the firm and, in 1968, on the formation of the subsidiary firm - Roy Stanley Limited, he became a minor shareholder in the latter. At the age of 22, Billingham had married a teacher and, at the time of the research project, had 2 children.

Politics:

- (a) Voted Conservative.
- (b) Parents had always voted Labour.
- (c) Claimed to vote as a businessman rather than as a private citizen.
- (d) Saw the difference between the two major political parties as being based upon fundamentally different ideological standpoints.

Religion: Agnostic.

Life-Style:

- (a) Make of car: Hillman Hunter.
- (b) Location and value of house: Chertsey: £7,500.
- (c) Type of school chosen for children: State Secondary Modern.
- (d) Holidays taken at: U.K. or Spain.
- (e) Leisure interests: horticulture.
- (f) Membership of clubs and associations: Horticultural Club.
- (g) Principal friends in leisure life:

Occupation

Situation Of Initial Meeting

Nurseryman	Horticultural Club
Teacher	Friend of wife
Design Engineer	Engineering Exhibition
Shorthand typist	Sister
Industrial Chemist	Horticultural club

Dennis Jones was the eldest of 4 children of a working class family. His father had been a bread roundsman. He had been unable to recall his mother's occupation before marriage.

On leaving school at the age of 15, Jones had served an apprenticeship as a toolmaker, and had taken a Higher National Certificate course at night-school. He had later been promoted to chargehand and then foreman, in the medium-sized engineering firm where he had served his apprenticeship, before taking a job as Works Superintendent with a small firm making metal pressings. He had later returned to a medium-sized engineering firm as a Production Controller, before joining James Stanley Limited in 1965.

Politics:

- (a) Had always voted Conservative.
- (b) Father had voted Labour but mother had voted Conservative.
- (c) Claimed to vote as a private citizen rather than as a businessman.
- (d) Saw the difference between the two major political parties as being based upon their respective claims towards greater administrative efficiency.

Religion: Practising Church of England.

Life-Style:

- (a) Make of car: Ford Escort.
- (b) Location and value of house: Addleston: £7,500.
- (c) Type of school chosen for children: no children.
- (d) Holidays taken at: U.K. or Jersey.
- (e) Leisure interests: photography and horse-racing.
- (f) Membership of clubs and associations: Member of Inst. of Production Engineers and British Inst. of Management.

<u>Occupation</u>	<u>Situation Of Initial Meeting</u>
Production Engineer	On course for Production Engineers.
Production Engineer	From previous employment.
Factory Inspector	Relative.
Clerical Worker	Neighbour with interest in photography.
Librarian	Relative.

8.3: RESEARCH METHOD

The researcher's initial visit to this firm was made before the questionnaire designed to investigate entrepreneurial goals had been developed. However, Stanley participated in a discussion of his entrepreneurial goals, which assisted in the formulation and grounding of the subsequent questionnaire.

During this visit, Stanley had described his goals as a "major personal problem" to which he had devoted a great deal of thought. He claimed that he wanted:

- (1) "To ensure my future."
- (2) "Something to leave to my children."
- (3) "A good financial return."
- (4) "To be able to see the results of what I'm doing - a feeling that I can see something for my efforts."
- (5) "To have freedom of action."

During a subsequent visit to the firm, following the construction of the entrepreneurial goal questionnaire, Stanley had again claimed the above goals but, this time, in terms of the goal descriptions presented in the questionnaire, i.e.,

- (1) Security

- (3) Economic rewards
- (4) Finding an outlet for personal abilities
- (5) Independence

In this instance, a scale had been used, graduated at 10 point intervals between 0 and 100. However, in each case, Stanley selected even whole-number divisions on the scale to attach values to his goals. He situated his goals at 80, 70, 60, 50 and 40 respectively, which, in turn, reduced to 16.0, 14.0, 12.0, 10.0 and 8.0 respectively. It was as a result of this situation, that an ungraduated scale was subsequently used in an attempt to encourage a greater degree of respondent consideration of the relative values attached to respective goals.

The practical work involved in the research took the form of 11 visits to the firm. One of these involved only the firm's technical director, Eric Billingham, and another involved only the firm's Production Manager, Dennis Jones. The remaining 9 visits were devoted solely to the entrepreneur, Roy Stanley.

The entrepreneur had appeared quite interested in the research, but had often experienced difficulties in making available the time required to co-operate. In fact, on the majority of occasions on which the researcher had contacted the entrepreneur, the latter had been unable to confirm a specific date for a meeting.

A semi-structured interview technique had been used in an attempt to structure replies to specific questions but, at the same time, allow respondents autonomy to raise any unique features of the firm's functioning not specifically investigated by the researcher's questions. This approach facilitated the grounding of theory by ensuring a continuing process of data-theory interaction.

In this firm, as had been the case at Leadprint, a scale had been used

initially, rather than a forced-choice questionnaire, in order to investigate entrepreneurial business ideology. This had revealed that the alternatives posed on forced-choice questionnaires were not in all cases perceived by respondents as being mutually exclusive.

Additional documentary research on this firm took the form of a continuous study of the firm's file at Companies House - the Board of Trade Registry of Companies. The total contact time involved in research in the firm was approximately 28 hours.

8.4. ENTREPRENEURIAL GOALS

8.4.1. ROY STANLEY

After completing his National Service in the army, Stanley had worked for several months in employment as an assistant buyer with a medium-sized engineering firm. There, he claimed to have experienced a very low level of job satisfaction, and this situation structured his return to the family firm as a director several months later.

Entrepreneurial Goals At The Time Of Re-joining The Family Firm

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Independence	20.0
2	Finding an outlet for personal abilities	12.5
3	Being able to pick the people you work with	8.5
4	The status associated with being your own boss	6.0
5	Economic rewards	3.5
-	Security	0.0
-	Building something to leave to the son/s	0.0
-	Achieving recognition in the field of management	0.0

Goal 1: "Independence"

Stanley claimed that a desire to attain this goal had been the principal factor structuring his return to the family firm: "I got fed up of

ed relatively little independence as a result of not being able to determine the timing of his own holidays, and not being able to determine his own job content: "I had to join the promotion queue, and had no opportunities for travel outside the factory."

Goal 2: "Finding An Outlet For Personal Abilities"

Stanley said he had been aware that, in employment, he might never have achieved promotion, and thus never have attained this goal. As a result of this, he had considered the possibilities for attainment of this goal to be greater in the family firm.

Goal 3: "Being Able To Pick The People You Work With"

Stanley said that, throughout this time, the family firm had been small, with only one employee, which had appeared to limit his possibilities for attainment of this goal. However, he said that, in employment, he had experienced attainment of this goal in a "negative form," i.e., he had worked with people whom he disliked, and thus this goal had been valued.

Goal 4: "The Status Associated With Being Your Own Boss"

Again, Stanley said that the small size of the family firm had appeared to limit his possibilities for attainment of this goal and, once again, he justified his claim to value the goal on the basis of an awareness of its total absence in employment.

Goal 5: "Economic Rewards"

Stanley said that he had not initially anticipated attainment of a higher level of personal income from working for his father than he had received in employment, but that he had, nonetheless, aspired towards a higher salary in order to finance an improved standard of living.

Stanley said that he had not even considered the other goals presented on the entrepreneurial goal questionnaire at this time.

The Growth Of The Family Firm

After several months back in the family firm, Stanley became discontented: "We were really just self-employed craftsmen working for peanuts doing other people's dirty work."

However, shortly afterwards, a locally situated tablet manufacturer, for whom the firm had previously done mechanical and electrical repair work, had commissioned the firm to manufacture a tablet packaging machine. As a result of success in this venture, the firm had received further orders, and expanded from thereon making packaging machinery for the pharmaceutical industry and later for other industries.

The firm had acquired a larger premises in 1956, and continued its expansion. In 1962, the firm's acquisition of a still larger premises and the death of the founder, had occurred simultaneously. At this stage, Roy Stanley had taken control of the firm as Managing Director.

Entrepreneurial Goals Immediately Before Becoming Managing Director

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	17.0
2	Independence	15.5
3	Finding an outlet for personal abilities	13.0
4	Security	5.5
5	Building something to leave to the son/s	2.5
-	Being able to pick the people you work with	0.0
-	The status associated with being your own boss	0.0
-	Achieving recognition in the field of management	0.0

Stanley had been married for 3 years by this time and had a son. He said he had wanted, "a house worth living in, and a guarantee of a good education for my child - private (education) that is."

Goal 2: "Independence"

Stanley said that he continued to value his independence very highly. He said that his father had always made a policy of allowing no external capital into the firm, and that he himself had always agreed with this policy: "That way you're working for yourself and not for somebody else."

Goal 3: "Finding An Outlet For Personal Abilities"

Stanley said that he had been achieving attainment of this goal through participation in bringing about and steering the firm's growth. However, he said that attainment of the goal had been, in some degree, frustrated by his father's reluctance to accelerate the firm's rate of growth by undertaking new ventures favoured by himself (i.e., Roy Stanley).

Goal 4: "Security"

Stanley said he had begun to value security at this time. Previously he said, he hadn't considered this as a realistic goal in the absence of any ultimate responsibility for the firm's success. However, at this time, he had been taking a sizeable salary from the firm, and had established a relatively high living standard, which was dependent for its maintenance upon the continued profitability of the firm.

Goal 5: "Building Something To Leave To The Son/s"

With the birth of his son, Stanley said he had begun to value this goal for the first time.

Stanley justified his omission of the goals of: 'The status associated with being your own boss' and 'Being able to pick the people you work with', on the grounds of their previous and continued attainment. His omission of the goal of 'Achieving recognition in the field of management', was justified on the grounds that he had developed no aspirations towards attainment of this goal: "I always saw myself as a businessman rather than a manager."

Entrepreneurial Goals Immediately After Becoming Managing Director

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	18.0
2	Security	16.5
3	Independence	15.0
4	Finding an outlet for personal abilities	14.0
5	Building something to leave to the son/s	8.5
-	Being able to pick the people you work with	0.0
-	The status associated with being your own boss	0.0
-	Achieving recognition in the field of management	0.0

The principal change in the values attached to respective goals occurred in the case of the entrepreneur's upgrading of the goal of 'Security'. At this time, Stanley said, he had felt his security challenged. The loss of his father's technical expertise, brought about by his death, the loss of other staff, and the increased overhead costs resulting from the move to a larger premises, had acted to challenge what security he had previously experienced.

The above situation appeared to be clearly expressed in Stanley's first Managing Director's annual report filed in Companies House.

The financial results of 1962 are disappointing. The move from our factory at Staines to Chertsey dislocated production more than was anticipated. We lost some of our trained staff who had to be replaced. The overheads on Chertsey are considerably higher than Staines, and our price-list, which has been the same for nearly four years, may have to be reviewed.

The recent tragedy of the sudden death of my father is, and will have, very serious consequences on the company.

He was the founder and Managing Director, and had built the company up to its present position. His technical knowledge and experience in the company's specialized field are irreplaceable. His death will considerably affect the development of new machines.

I very much hesitate to forecast the future of the company.

R. Stanley,

Director."

Joint Consultation - The Entrepreneur's Strategy For Combating Unionization

In 1964, 5 of the firm's employees had communicated with Stanley claiming that approximately 70 per cent of the firm's shop-floor workforce favoured official representation by the Amalgamated Engineering Union. Stanley had been opposed to this request.

He said:

"It should be management's prerogative to manage without interference from the unions. They act as a hindrance to managers rather than helping them. The American unions are different - they have to come to terms with their society and are working with management to the same end. They don't interfere with management's independence nearly so much."

Stanley said that "an attempt to gain union recognition in the firm had been organized by a handful of agitators." He said that, to have refused to discuss the issue would have led to a deterioration in labour relations,

"preliminary ballot" in order to investigate the strength of union sympathy on the shop floor.

At the time, there had been 43 production workers employed in the firm, of whom only 22 voted in favour of trade union recognition in the firm. As a result, Stanley said that he would not recognize the A.E.U. and dismissed the "ring leader" whom he described as a "Communist-militant type." He said, "you can't afford to have people like him around." Two of the other organizers had left the firm soon afterwards of their own volition - one making an entry into entrepreneurship by setting up a betting-shop.

A year later in 1965, Stanley had appointed a Production Manager, Dennis Jones, who was subsequently given the title of Works Director. During the selection interview, Stanley had asked Jones how he would act to combat unionization if he were appointed. Jones had suggested the operation of a system of Joint Consultation, and told Stanley that he had received instruction in the operation of Joint Consultative systems whilst on a course with his previous employer. He had assured Stanley that Joint Consultation ensured effective communications between management and employees, and acted as a safety valve which controlled conflict whilst minimizing the likelihood of the formation of organized groups within the firm not controlled by management i.e., trade unions.

In the event, a Joint Consultative Committee had been formed immediately following Jones's appointment and, in November 1967, the researcher had attended a meeting of the committee in an attempt to appraise its true function (See the case-study appendix and also case-study discussions).

Entrepreneurial Goals At The Beginning Of The Research Project In 1967

Stanley's entrepreneurial goals at the beginning of the research project were as follows:

1	Security	17.5
2	Building something to leave to the son/s	16.5
3	Economic rewards	13.0
4	Having an outlet for personal abilities	11.5
5	Independence	9.5
-	Being able to pick the people you work with	0.0
-	The status associated with being your own boss	0.0
-	Achieving recognition in the field of management	0.0

Goal 1: "Security"

Stanley said that, at the time of his father's death, he had experienced serious anxieties about the continued successful expansion of the firm. However, he said that, by 1967, he had realized that his father's departure from the firm had been "beneficial from a policy viewpoint." He said:

"My father was still living in the depression, and expected the bubble to burst at any minute. I had conflicts with him until the day he died, over the issue of spending money. He always held back, but now I've proved that my way is best." "We've built up a good business here now, and a firm of this size can afford to slip a long way before you're in trouble."

Further, Stanley said that his own proven abilities to control a firm, and run it at a profit, had the potential to guarantee him good opportunities in employment: "There are always openings for people with business acumen."

Goal 5: "Independence"

Stanley said that, in accordance with the needs of attainment of the entrepreneurial goal of independence, the firm had always made a policy of expanding solely from internally generated profits. He said that he was continuing to follow his father's policy of "not allowing external capital into th

addition, he accepted only small bank loans, and these only over relatively short periods of time. He owned the leasehold of his existing premises, and said that he would never occupy a lease-hold property due to the accompanying limits on his independence.

Stanley said that the above policies, pursued in accordance with his entrepreneurial goal of independence, had limited the growth rate of the firm to an average of 15 per cent per annum, while potential markets for the firm's products had existed to justify a faster rate of organizational growth. However, as a result of this situation, he said he had achieved independence:

"I am independent. No-one can put a finger on me. I have no bank loans, no-one else had capital in the business, and I own the freehold, so I owe no rents. I'm not working for the bank or for any landlord or investor."

During a discussion on the effects of Close Company legislation on entrepreneurial independence, Stanley said:

"Accountants say you have to go public at a certain size, and legislation against close companies forces you towards it. I'm not inclined to go public, but may be forced into it."

In accordance with the perceived requirements of attainment of this goal, Stanley had continued his policy, outlined in his directors statement of 1963, of not allowing external capital into the firm. This situation was also witnessed in subsequent directors statements:

"Report on the Financial Year 1963

May, 1964

The financial results of the year 1963 are reasonably satisfactory. This was a period of consolidation after our move to Chertsey, and the untimely death of my father.

Owing to the necessity of conserving the company's cash resources for its future development, the Directors do not recommend a dividend to be paid this year.

R. Stanley,

Director."

The financial results on the year are better than the past year.

The profit ratio is still not as good as previous years.

It is necessary to conserve the company's cash resources for future development, and the directors do not recommend a dividend to be paid this year.

R. Stanley,

Director."

"Report on Financial Year 1965

May, 1966

We find the results of 1965 to be more satisfactory than previous years.

We do not propose to declare any dividend because of the paramount need of the company to reserve its resources for the future development of the business.

We shall require further premises in the near future.

As 70% of our products are exported, we have to give credit to many customers, and do not receive immediate payment. If a dividend is declared, outside finance would be required.

R. Stanley,

Director."

"Directors' Report on Financial Year 1966

21st August, 1967

We find the results of 1966 to be similar to those of 1965. The company

The present rate of increase in business cannot be maintained in the present premises. Two-thirds of our output are exported, and payment is not

The present rate of increase in business cannot be maintained in the present premises. Two-thirds of our output are exported, and payment is not received for three to four months.

If a dividend is declared, outside finance would be required.

R. Stanley

E. Billingham

Directors."

the financial year 1965/6 he had appointed Eric Billingham as a director in the firm. However, he claimed that this in no way acted as a constraint upon his own independence.

Stanley had met Billingham during his period of National Service in the army, and Billingham had joined the firm 3 years later. Stanley said that Billingham, during his prolonged period of service with the firm (12 years), had established himself as a loyal and competent design engineer, and a first class draughtsman. As a result of his value and service to the firm, Stanley said, Billingham had been rewarded with a directorship. However, at this time, he had possessed no share-holding in the firm, and had not been involved in decision-making to any greater extent than had been the case previously.

The Firm's Acquisition Of A Second Premises

Previous to the firm's acquisition of a new premises in 1968, financed by a £150,000 outside loan, the firm had made a policy of excluding outside capital from the firm. However, following the attainment of this loan, the entrepreneur also reversed his former policy of not using hire purchase facilities, and immediately took delivery of £15,000 worth of new equipment for the new premises.

He said that he had forfeited a certain degree of independence in allowing outside capital into the business, but that this had been more than offset by the resultant achievement of his goal of growth. He said:

"A lot of the things I used to want I can take for granted now. I'm becoming an empire-builder."

Stanley's former determination to prevent outside capital from entering the business had been well demonstrated in his previous Directors' Statements. However, it appeared that, with an established plant performing at maximum capacity, the needs of growth had conflicted with the needs of independence, as Stanley had formerly defined them.

entrepreneurial goals as formerly stated. However, they certainly appear consistent with his goals as they were subsequently stated. Further, Stanley, in referring to "policy changes," acknowledged that the change in policy was derived from an objective consideration of the situation, rather than from a lack of clarity and understanding of his own goals.

He said that he had made the decision to borrow £150,000 after consulting 2 firms of auditors, and they had advised him to borrow the money from outside sources. He said: "They merely confirmed my own judgement."

As security for the £150,000 loan, he had lodged the freehold of the existing premises with the bank. The researcher asked him if he would have been willing to have distributed shares as a condition of such a loan. Stanley said that he would be reluctant to, but that he couldn't categorically say no.

The firm's additional premises had been registered as a new company and, whereas the existing firm had been named James Stanley Limited after the founder, the new firm was named Roy Stanley Limited, after the reigning Managing Director. At this stage in events, Eric Billingham, the firm's Technical Director, had been allowed to take up a 5 per cent shareholding in the new firm, and the firm's professionally trained Production Manager, Dennis Jones, had been made Works Director.

Entrepreneurial Goals Following The Purchase Of A Second Premises

At the end of the research project, in 1970, Stanley ordered his entrepreneurial goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	19.0
2	Building something to leave to the son/s	17.0
3	Achieving recognition in the field of management	14.5
equal 3	Economic rewards	14.5

6	Independence	8.0
-	Being able to pick the people you work with	6.0
-	The status associated with being your own boss	6.0

Thus, the principal movement during the research project appeared to have been in the entrepreneur's aspiration towards the goal of 'Achieving recognition in the field of management.' At this time, Stanley said that he had become an "empire-builder", and that he expected the firm to one day become a public company.

8.4.2. ERIC BILLINGHAM

Billingham ordered his entrepreneurial goals, as they applied in 1970, as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	20.0
2	Economic rewards	18.5
3	Achieving recognition in the field of management	16.5
4	Finding an outlet for personal abilities	15.0
5	Independence	11.0
6	"The status of being a director in the firm"	7.5
7	Being able to pick the people you work with	2.0
8	Building something to leave to the son/s	0.5

Billingham said that security was his most valued goal and, further, he perceived the goal as being realistic in its attainment, particularly as a result of the attainment of his directorship and shareholding in the firm. However, he said that he was unlikely to take the goal for granted on account of "the over present rigors of business - bankruptcies, takeovers, going pub-

management had developed largely since the firm's expansion into a second premises with the associated likelihood of becoming a public company within the foreseeable future. Previously, he said, his directorship had merely acted as a personal assurance of his value to the firm, and had been instrumental in the partial attainment of his goals of 'Finding an outlet for personal abilities', 'Security' and 'Status' (within the firm).

8.4.3. DENNIS JONES

Jones ordered his entrepreneurial goals, as they applied in 1970, as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	"Recognition as a manager"	18.5
2	Security	18.0
3	Economic rewards	17.0
4	Independence	12.0
5	Finding an outlet for personal abilities	9.5
6	Being able to pick the people you work with	5.5
7	The status associated with being your own boss	1.5
-	Building something to leave to the son/s	0.0

Jones said that he saw a manager as being "essentially an employee just like most other people" and that, accordingly, he had a market value. This market value, he said, determined the level to which he could realistically aspire towards his various entrepreneurial goals. It was as a result of this situation, he said, that he valued his directorship in the firm so highly.

8.5. ORGANIZATIONAL GOALS

8.5.1. BOY STANLEY

Stanley ordered the firm's goals as follows:

1	To make a profit as a return on capital invested in the firm	16.5
2	"Growth"	14.5
3	To provide employment for the owner/s	9.0
-	To provide the market with goods and services	0.0
-	To provide employment for employees	0.0

Goal 1: "To Make A Profit As A Return On Capital Employed In The Firm"

Stanley said:

"The object (of the firm) is to make a profit. Don't fog it with social and political issues - we are not here for social purposes - then everyone would be better off."

Goal 2: "Growth"

Though Stanley claimed "growth" as a goal, it cannot be considered to be an organizational goal, as it was not a purpose for which the organization existed, but merely a means of achieving the purposes or goals of the organization. However, this was consistently claimed by the entrepreneur as an organizational goal.

Goal 3: "To Provide Employment For The Owner/s"

After leaving the army, Stanley had worked in employment for 9 months, and said that he had "no desire to repeat the experience." He said that, whilst in employment, he had continually contrasted the autonomy which he knew would result from self-employment with that which he experienced in employment and said that, accordingly, the goal of providing employment for the owner/s was an important one.

Goal: Providing Goods And Services For The Market And Employment For Employees

Stanley claimed that these goals had no validity in the case of his

tional 'Test of Selling'.

PROFIT (Appendix 1. G. 11)

- (i) Function of Management: Stanley selected alternative (a), i.e., the maximization of profit.
- (ii) Policy on Profit: Again Stanley selected alternative (a), i.e., maximization.
- (iii) Determination of an Acceptable Level of Profit: The entrepreneur listed several of the suggested alternatives in the following order: (c), (a), (e), (f), (j), and (k).
- (iv) Justification Of Profit: Stanley selected questionnaire alternative (a) consistent with an ideology of Laissez-Faire.

PRICING: Stanley said that he alone devised the firm's pricing policy and took account of the fact that his firm faced very little competition.

8.5.2. ERIC BILLINGHAM

Billingham ordered the firm's goals, as he perceived them, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	20.0
2	To provide employment for the owner/s	15.5
3	To provide the market with goods and services	3.5
-	To provide employment for employees	0.0

PROFIT (Appendix 1. G. 11)

- (i) Function Of Management: Billingham selected questionnaire alternative (a), i.e., the maximization of profit.
- (ii) Policy On Profit: Again, Billingham selected alternative (a).
- (iii) Determination Of An Acceptable Level Of Profit: Billingham selected questionnaire alternative (a).

(a) consistent with an ideology of Social Responsibility.

8.5.3. DENNIS JONES

Jones ordered the firm's goals, as he perceived them, as follows:

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital invested in the firm	10.0
2	To provide the market with goods and services	13.5
3	To provide employment for employees	8.5
4	To provide employment for the owner/s	6.0

PROFIT (Appendix 1. 0.II)

- (i) Function Of Management: Jones selected questionnaire alternative (a), i.e., the maximization of profit.
- (ii) Policy On Profits: Again, Jones selected questionnaire alternative (a).
- (iii) Determination Of An Acceptable Level Of Profit: Jones selected questionnaire alternatives (a), (b), and (c), in that order.
- (iv) Justification Of Profits: Jones selected questionnaire alternative (b) consistent with an ideology of Long-Term-Company-Interest.

8.6. LEADERSHIP AND DECISION-MAKING

Management meetings in this firm had been convened during normal working hours, in contrast to the situation that existed in some of the smaller firms studied. Weekly, quarterly and annual meetings had been held with the intention of composing weekly programmes of work at one end of the scale, and drawing up annual budgets at the other.

STRATEGIC DECISION-MAKING

Stanley claimed to use an essentially autocratic leadership style in

arriving at strategic decisions such as those to expand into a second plant and to use extraneous sources of capital to finance the expansion. He said:

"I alone decide the future of this firm, but I need information from other people to put me fully in the picture before making those decisions. For instance, my accountants give me a lot of information, and they told me that I would have to raise capital outside the firm if I wanted to expand in 1968. That doesn't mean they made the decision though - they just confirmed my own thoughts."

Billingham and Jones corroborated Stanley's autocratic leadership style, but justified it in terms of both ownership and control resting with a single role occupant. They claimed that Stanley assumed responsibility for determining both the nature of the firm's products, and the level of production pursued. However, they said that they were called upon, at management meetings, to provide information as a foundation for decision-making. Further, they claimed that, although Stanley did not invite discussion of his own decisions, possibilities for discussion did arise.

ADMINISTRATIVE DECISION-MAKING

Stanley appeared to adopt an autocratic style of leadership in administrative decision-making as far as the functions of sales and financial control were concerned. However, decisions directly relevant to the functions of product design and product output, were arrived at using a consultative leadership style.

COMMUNICATIONAL DECISION-MAKING

In communicational decision-making exercises, the entrepreneur appeared to adopt an essentially consultative leadership style.

8.7.1. BOY STANLEY

Job Situation

Level of Job Satisfaction

In employment immediately after leaving the army

Moderate to Low (3)

Working in the family firm during father's term as Managing Director

Moderate to High (5)

Subsequent to father's death

Very High (7)

8.7.2. ERIC BELLINGHAM

Job Situation

Level of Job Satisfaction

In previous employment prior to joining James Stanley Limited

Moderate (4)

Working for James Stanley Limited prior to James Stanley's death

Moderate to High (5)

Subsequent to James Stanley's death

High (6)

8.7.3. DERNIS JONES

Job Situation

Level of Job Satisfaction

Prior to joining James Stanley Limited

Moderate (4)

Subsequent to joining James Stanley Limited

Moderate to High (5)

8.8. SOLE TIME INTENSIVITY

8.8.1. BOY STANLEY

Stanley claimed that, prior to the appointment of a Production Manager in 1966, he had typically worked from 8.0 a.m. to 8.0 p.m., Monday to Friday, plus 6 hours on Saturday. Thus, average length of working week = 66 hours with 2 weeks annual leave.

working week. He claimed to work from 9.0 a.m. to 6.0 p.m., Monday to Friday, plus 3 hours on Saturday morning. Thus, average length of working week = 48 hours with 3 weeks annual leave.

8.8.2. ERIC BILLINGHAM

Billingham claimed to work from 8.0 a.m. to 6.0 p.m., Monday to Friday. Thus, average length of working week = 50 hours with 3 weeks annual leave.

8.8.3. DENNIS JONES

Jones claimed to work from 8.0 a.m. to 7.0 p.m., Monday to Friday, plus 4 hours on Saturday. Thus, average length of working week = 50 hours with 3 weeks annual leave.

8.9. BUSINESS IDEOLOGY

8.9.1. BOY STANLEY

<u>Nichols's</u> <u>Subject Groups</u>	<u>Ideological Set</u>		
	<u>S.R.</u>	<u>L.F.</u>	<u>L.T.C.I.</u>
Redundancy	-	1	-
Purpose	-	1	-
Information	-	1	-
Public Life	-	1	-
	0	4	0

Appendix 1. O's 11-15

Profit	-	1	-
Employees	-	3	-
Customers	-	-	1
Government	-	1	-
Employers Organizations	-	1	-
	0	6	1

Nichols'sIdeological SetSubject GroupsS.R.L.F.L.T.C.I.

Redundancy

-

-

1

Purpose

-

-

1

Information

-

1

-

Public Life

-

1

-

0

2

2

Appendix 1. O's 11-15

Profit

1

-

-

Employees

-

1

2

Customers

-

-

1

Government

-

-

1

Employers Organizations

-

-

1

1

1

5

8.9.3. DENNIS JONESNichols'sIdeological SetSubject GroupsS.R.L.F.L.T.C.I.

Redundancy

-

-

1

Purpose

-

-

1

Information

-

-

1

Public Life

-

-

1

0

0

4

Appendix 1. O's 11-15

Profit

-

-

1

Employees

-

1

2

Customers

-

-

1

Government

-

-

1

Employers Organizations

-

-

1

0

1

6

8.10.1. LABOUR SUB-ENVIRONMENT

Stanley said that his firm experienced little difficulty in recruiting labour. He claimed that the firm offered good wages and staff conditions to all employees, and attributed the ability of the firm to maintain a stable labour force to this situation. In addition, Stanley said that the ability of his firm to pay high wages, and thus keep a stable and satisfied labour force, stemmed in certain measure from the fact that overtime working was guaranteed. In fact, the firm guaranteed a standard 48 hour working week to all production workers, i.e., 40 hours plus 8 hours overtime working. Further, he said that, due to the fact that approximately two-thirds of the firm's produce was exported, the firm was relatively little affected by the "stop-go" policies of national Government, and had thus found it's ability to offer overtime working unimpaired.

However, Stanley said, that a minority of employees were not motivated to work a 48-hour week.

"That's one of the curses of this country - some people are not willing to work overtime. They earn enough in 40 hours not to need it, and that's bad."

In discussing labour problems, Stanley said:

"The labour problem which I most dislike is that of trying to pick the best people for the right jobs. We do get some people by personal recommendation, and then it's easier, but not many. We let staff know about vacancies to encourage personal recruitment. I like to have a policy of hire-and-fire, but we never get round to firing. I don't see most workers after they're taken on, and anyway, with the current state of the labour market, you can't pick and choose that much. It's other people in the firm that deal with labour, and they don't have my hire-and-fire attitude anyway. They take the attitude that it's

right to make the best of what you've got rather than
to get rid of people."

What difficulties were experienced in labour recruitment, the entrepreneur said, were experienced in recruiting skilled craftsmen and top design staff. In fact, he said that, if a craftsman applied for a job which had not been advertised, the firm would employ him even though a specific vacancy did not exist. He said that the firm "could not afford" to overlook anyone looking for a job.

Stanley said that, in recruiting his firm's labour force, he was confronted with constraints which larger firms did not face. He said that he was unable to train personnel in a small firm, and therefore had to recruit all specialist labour from larger firms. Further, he said, a small firm, besides being unable to provide the wide range of experiences which specialists required during training, was unable to dispense with the services of individual members of the workforce long enough for them to gain out of work training, e.g., on courses etc. He said that a certain amount of internal promotion was possible, but that this had to be essentially short-range promotion. He said that he had recently promoted a craftsman to a chargehand, and the latter had managed to fill this role very satisfactorily. As a result, Stanley said, he had then promoted him to a foreman without being able to give any training for the role. In the event, he said, the man had been a failure, and had had to be dismissed.

Labour Turnover

Data on labour turnover were collected by the firm but had never been analysed. Stanley said:

"It's less than 1 per cent though. Most of them (employees) live on the doorstep anyway. It's not much of a problem."

Workforce Size	116	6	122
Labour Turnover	21	2	23
Percentage Turnover	18.2	33.3	18.9

TOTAL : 18.9 per cent.

1967

Workforce Size	130	6	136
Labour Turnover	28	1	29
Percentage Turnover	21.6	16.7	21.4

TOTAL : 21.4 per cent.

1968

Workforce Size	162	7	169
Labour Turnover	29	2	31
Percentage Turnover	17.9	28.6	18.3

TOTAL : 18.3 per cent.

1969

Workforce Size	166	9	175
Labour Turnover	30	4	43
Percentage Turnover	23.5	44.5	24.6

TOTAL : 24.6 per cent.

1970

Workforce Size	184	14	198
Labour Turnover	42	3	45
Percentage Turnover	22.8	21.4	22.8

TOTAL : 22.8 per cent.

Average Annual Turnover = 21.2 per cent.

Stanley said that the firm's absentee rate was very low. He said that there were about 3 "malingerers" amongst the firm's employees. These, he said, took time off, but, he added, he tried to "make things as uncomfortable as possible for them when they did take time off.

The researcher was unable to obtain any objective data on absenteeism, though none of the 3 respondents in the firm claimed absenteeism as a serious problem.

8.10.2. WORKFORCE EFFICIENCY SUB-ENVIRONMENT

(a) Administrative Control Systems

The firm employed a trained Production Manager, a specialist technical director, full-time salesmen, and a relatively large female clerical workforce. As a result, administrative control systems were in evidence. However, certain administrative functions were not performed due to problems associated with the indivisibility of labour. For instance, the firm's stock control requirements did not justify the full-time employment of a stock-controller, and the firm's line management needs did not always justify the services of full-trained line foremen.

(b) Workforce Structure

<u>Occupational Category</u>	<u>Male</u>	<u>Female</u>
ADMINISTRATIVE CATEGORIES		
(1) Management & Supervision	(11) 16	(0) 0
(2) Professionals	(13) 15	(0) 0
(3) Clerks	(2) 3	(6) 14
PRODUCTIVE CATEGORIES		
(1) Craftsmen	(49) 81	(0) 0
(2) Operatives	(39) 65	(0) 0
(3) Labourers	(2) 4	(0) 0
	(116) 184	(6) 14

Ratio of administrative to total workforce = $\frac{49}{198} \left(\frac{32}{122} \right) = \frac{24.2}{26.2}$ per cent.

lend themselves to direct comparison in all cases. For example, in 1966, 6 of the firm's employees in the 'Management & Supervision' category had carried the formal title of 'chargehand', but were essentially leading hands. However, by 1979, they were all full-time supervisors. Thus, in this case, it can be seen that the increased administrative effort was not fully reflected in the above statistics.

8.10.3. EXTERNAL AIDS SUB-ENVIRONMENT

To Sales : (1) Used a Sales Force.

(2) Used exhibitions - approx 10 per year at a total cost of approx. \$1,200 p.a.

(3) Used brochures to advertise new products amongst potential customers, to value of approx. \$1,000 p.a.

(4) Used advertisements to limited extent - approx \$100 p.a.

(5) Used trade journal technical write-ups, i.e., trade journals featured articles on new equipments at no cost. Had had a small such article in the 'Financial Times' the week before researcher's last visit.

(6) Used Sales agents in overseas markets.

To Recruitment of Labour :

(1) Used newspapers, both local and national.

(2) Used service agencies for clerical temps.

(3) Used word-of-mouth advertisement of jobs.

To Recruitment of Information :

(1) Used exhibitions.

(2) Used Trade Journals/Technical Press.

(3) Used suppliers.

(4) Used customers.

(5) Used sales agents.

(1) Used a Bank.

(2) Used I.C.B.C.

Total number of agencies claimed = 16.

8.13.4. TECHNICAL SUB-ATTACHMENT (Appendix I. G. 10 (i))

The firm produced specialized equipment for the purposes of tablet handling (brushing, cleaning, inspecting and counting), bottle capping, container filling, and the physical conveyance of pharmaceutical goods. Many products were standard equipments adapted to the respective needs of individual customers.

However, new products were, in some cases, commissioned by individual customers. In other cases, they were originated entirely at the initiative of the firm when a potential market was envisaged. An example of the former had occurred during the early stages of the research. Gala Cosmetics, a public company, had commissioned the firm to develop a machine for filling and sealing bottles of nail varnish. Gala Cosmetics had met all development costs, and the firm had had a new product of which it had informed other potential users.

Though some development work on new equipments was commissioned by customers themselves, additional products were developed by the firm on an individual basis. For instance, the firm's equipment for counting tablets was limited in capacity to 6,000 tablets/minute. However, the entrepreneur, as a result of contacts with customers, had perceived a need for equipments with an extended counting capacity. Consequently, development was underway in an attempt to develop such an equipment. He had assessed the market at 40 potential machines.

Thus, to a certain extent, the firm possessed a service technology in that it made products to specific orders. However, to a large extent, it could be seen as possessing a non-service technology in that its products

account. Thus, this was a batch technology essentially though many customers required individual tailoring to their particular orders.

The fact that technical liaison between the firm and its customers appeared very close, and the fact that, in addition, the firm carried out self-initiated development work, appeared likely to have rendered its technology somewhat in advance of that typical of the industry, as the respondents in the firm claimed (see below).

All 3 respondents, selected questionnaire (Q.17) alternative (b), i.e., "Moderately in advance of that typical of the industry," as an adequate description of the firm's technology. Allocating marks 1-7 for the respective questionnaire descriptions, the firm's mean Technology Quotient was:

$$\bar{x} = \frac{\sum nx}{\sum n} = \frac{6+6+6}{3} = 6.0$$

8.10.6. MARKET SUB-ENVIRONMENT

(a) Market-product Situations

During a previous discussion, Stanley had claimed "being in a sellers market" as a source of independence. He had said that his firm was in a situation of independence in that it had a specialized technology, and met with relatively little competition in the market in which it operated. As a result of the firm being in a "sellers market," Stanley said, profit margins on the firm's products were high, and this situation, in turn, enabled him independence to employ specialist skills, and to expand the scale of the firm's operations.

Stanley said:

"We're in the growth industries - pharmaceuticals and packaging. There's not much competition, and what competition does exist varies from product to product. About two-thirds of our produce is exported - we didn't

JAMES STANLEY LIMITED

ESTABLISHED MARKET-PRODUCT SITUATIONS

<u>INDUSTRY OF MEMBERSHIP OF CUSTOMER</u>	<u>CUSTOMER</u>	<u>PRODUCT</u>	<u>PERCENTAGE OF SALES TAKEN BY CUSTOMER</u>	<u>MARKET</u>			<u>MARKET STRENGTH</u>
				<u>LOCAL</u>	<u>NATIONAL</u>	<u>INTERNATIONAL</u>	
Pharmaceutical Industry	Various	Pharmaceutical Packaging Machinery	40 per cent }			North America	5 - 6
Pharmaceutical Industry	Various	Pharmaceutical Packaging Machinery	25 per cent }			Western Europe	5 - 6
Pharmaceutical Industry	Various	Pharmaceutical Packaging Machinery	25 per cent }		U. K.		5 - 6
Various	Various	Packaging Machinery	10 per cent }		U. K.		5 - 6

industry is international and, once one firm says you're Okay, you're in."

(b) Market Strength

Both Stanley and Billingham selected market strength situation 6 as applying to both of the firm's market product situations. Jones selected alternative 5 in both cases. Thus, the firm's mean Market Strength Quotient was:

$$\bar{x} = \frac{\sum n_i}{\sum n} = \frac{6+6+5}{3} = \underline{5.66}$$

Thus,

Number of Established Market-Product Situations (M) = 2

Aggregate Market-Product Strength (S) = (0.9x5.66)

+ (0.1x5.66) = 5.66

Total Organizational Market Flexibility = 21 + 5.668

8.10.C. KNOWLEDGE SUB-ENVIRONMENT

<u>Elemental Sub-Environment</u>	<u>Score</u>
Labour Sub-Environment	4/10
Workforce Efficiency Sub-Environment	8/10
External Aids Sub-Environment	9/10
Technical Sub-Environment	8/10
Market Sub-Environment	10/10
	39/50

Environmental Perception sub-score = 78 per cent

8.11. MAJOR ORGANIZATIONAL PROBLEMS

8.11.1. BOY STANLEY

The firm's major problems, as perceived by the entrepreneur, were, at

the firm locating a suitable available premises to facilitate its required physical expansion, the entrepreneur had consistently claimed the existence of 3 major problems facing the firm:

- (i) Shortage of space for expansion of the firm's scale of production.
- (ii) Shortage of money to finance the desired expansion.
- (iii) The economic and cognitive consequences of taxation.

Shortage of Space

Stanley said that he wanted to move to a larger premises in the Surrey area. The firm, he said, was "over-producing" in the existing premises but, due to the Government's policy of regional dispersment of industry, difficulties were encountered in obtaining a new plant. He said that he wanted to construct a purpose-built plant of total area approximately 20,000 sq.ft. However, for this he needed an Industrial Development Certificate, which the Board of Trade refused to grant.

Stanley pointed out that his firm exported 70 per cent of its output, and that the firm's best interests would be served by complete autonomy in locating its new plant. Thus, Stanley claimed, the best interests of both the firm and the wider economy would be served by "the removal of restrictive government attitudes," and the granting of more independence in industry.

However, within the existing framework of politico-economic relations, Stanley said he was faced with the alternatives of a purpose-built plant in a development area, or, alternatively, an existing plant in the South-East. In the event, he selected the latter option, and encountered "Government Bureaucracy" in considering applications for Industrial Development Certificates. As an example, he cited the instance of an application for an Industrial Development Certificate for a premises near Staines, which had necessitated communications with the Board of Trade, the Ministry of Labour, Surrey County Council, and 3 neighbouring county councils.

tinued to experience restrictions imposed by local government. Three applications to the local council for planning permission to make structural alterations to the new premises were rejected. At this point, Stanley no longer saw their authority as being legitimate, and proceeded to undertake the desired structural alterations without further reference to local government bodies.

Shortage of Finance for Expansion

During the early stages of the research, prior to the firm's move to a new premises, Stanley stated the firm's second major problem, in order of applicability, to be that of an experienced lack of capital required to finance the expansion of the firm's operations by movement to a new premises. This he attributed partially to the influence of the Government's policy of license control upon land for industrial building in the South-East.

The Government should, he claimed, meet the needs of industry by abandoning its system of license control upon land for industrial building purposes. He claimed that the Government should make green belt areas available for industrial building, and thus create a "free market" in land, which would result in lower land prices and cheaper industrial building than at present.

Taxation

Stanley said that another major problem facing the firm was that of taxation. This he said, acted both to limit the incentive of managers to make profits, and also to limit the growth of successful firms whilst aiding the survival of inefficient firms.

"Government policies are a disincentive to good management because firms making a profit get highly taxed. Firms making a loss still send their managers on continental holidays, but make no tax contribution to the economy. There is no incentive to make profits. Firms should be taxed on

turnover and not profits, so the burden could be fairly shared. Bad management is our trouble. Government must create the necessary conditions for good management to thrive. Good management would organize the workers, it's not their fault."

Stanley said that his firm was making more profit than some larger public companies, but that it was being "lost to tax." He said:

"Ninety per cent of profits go in taxes. It's very disheartening. I sometimes feel that, when I die, the whole lot will go in tax. It has all happened in the last 3 years. It is the Socialist Government's policy. Tax is the curse of our time."

At other times, Stanley referred to problems less closely associated with the firm's relations with the environment. These problems, stated less consistently than the above, and always in a minor capacity, were as follows:

Labour

Pilfering:

"Pilfering is a problem. It must cost the firm a couple of thousand pounds a year, but it's probably better to turn a blind eye than employ people to stop it - it's cheaper."

Promotion:

"It's difficult to train people in a small firm and there's always the danger of over-promotion if you try to push people up internally - especially if you can't devote resources to training. One man I promoted off the shop-floor to chargehand filled the role admirably, but, when I promoted him one step further to foreman, he proved totally inadequate, and I had to sack him."

The Attitude of Trade Unions

Stanley said:

"The British trade unions have a completely outdated

view of life and want leather-seeing. They are not production oriented. Also, they are associated with anti-free-enterprise political organizations. The American unions have come to terms with their society, and are all working to the same end."

Personnel Selection

Stanley said:

"I have difficulty in picking the right people for jobs. We get some people by personal recommendation but not many. I like to have a policy of hire and fire to make sure the people you keep can do the job. But, with the state of the labour market you can't pick and choose that much."

Suppliers

Stanley said:

"We get trouble from suppliers' delivery dates. They're not reliable so we have to over-stock and that ties up money and space - our different component parts run into hundreds."

Overtime Working

Stanley said:

"I think everyone to work a 48-hour week here - partly to increase production in a premises too small for our needs. But some people don't want to work overtime - that's another curse of this country - people are allowed to earn enough from working 40 hours not to need overtime -- it's bad."

8.11.2. MR. BILLINGHAM

Billingham described the firm's major problems essentially in terms of his own specialist function, i.e., technical development. He said:

"We are not in a market where we can do long runs of a single standardized product. At best, we can turn out small batches of a product. This means that our expansion must take place in a horizontal direction. We will have to keep on producing more and more different products. At the same time, we must remain technically advanced. Really, our problems hinge around keeping our technical development work tuned to the market."

8.11.3. DENNIS JONES

As had been the case with Billingham, Jones perceived the firm's major problems essentially in terms of his own specialist function:

"Sooner or later, the labour situation is going to erupt. The unions are bound to get a foothold as the firm gets bigger and, with Mr. Stanley's feelings about unions, that will cause a lot of trouble and internal bad feeling."

8.12. ORGANIZATIONAL PROFIT GOAL ATTAINMENT

The firm's profit record for the period under study was as follows:
(see page 443):

8.12

ORGANIZATIONAL PROFIT GOAL ATTAINMENT

JAMES STANLEY LIMITED

YEAR	1966	1967	1968	1969	1970
CAPITAL EMPLOYED	£165,011	£181,597	£202,612	£305,196	£318,463
SALES TURNOVER	£506,562	£339,979	£440,889	£495,190	£531,118
PROFIT (Pre Tax, Post Dep'n)	£28,785	£30,192	£97,011	£42,983	£51,140
PERCENTAGE PROFIT RELATION OF CAPITAL EMPLOYED	17.4	16.8	18.3	14.1	16.0

The above profit figures are exclusive of directors' fees. Roy Stanley drew between £6,500 (in 1967) and £7,250 (in 1970) from the firm during the research project.

JAMES STANLEY & SON LIMITED APPENDIX I: REPORT OF A JOINT CONSULTATIVE
Committee Meeting Attended By The Researcher.

Meetings of the firm's Joint Consultative Committee were convened on a monthly basis. The researcher attended the meeting convened in November, 1967.

The meeting had been attended by the Works Manager (Chairman) and the representatives from the five departmental constituencies. The minutes of the previous meeting had been read out and the matters arising from them reported back to the constituency representatives as follows:

- (a) SAFETY PRECAUTIONS: Work was reported to be in hand in securing stanchions
- (b) GANTRY: Various types of equipment were reported to be under consideration for use by the firm.
- (c) OVERALLS: The Joint Consultative Committee was reported to be in the process of communicating with the firm's supplier and cleaner of overalls, vis-a-vis the quality of service required.
- (d) CAR PARK/BICYCLE RACK: Provisions ancillary to those in existence were reported to be under consideration.
- (e) HOLIDAYS: It was pointed out that, at the previous meeting, the fairness of a fixed holiday period, applying to a single department, had been questioned by the worker representative from that department. The representative in question had recommended that:
 - (1) Common set percentages be defined of employees in each department allowed to be absent on holiday at any one time.
 - (2) That, of the three weeks holiday allowed, one should be taken during the works shutdown period, and the other two weeks staggered.
- (f) CHRISTMAS DINNER & DANCE: It was reported that the Joint Consultative Committee had considered that some employees and their wives would probably wish to be taken by coach to "The Ship" as well as home after the event. It was stated that forms had been given to foremen enquiring the number of tickets required for the Christmas Dinner and for the coach. The forms were to have been returned to the Works Manager.

figures for October had been relatively poor and that, as a result, bonus payments had not been made to employees. The Works Manager had asked Committee members to "ensure that all employees made the maximum effort" to once again achieve bonus payment output levels. The Works Manager had said that "management would play its part by planning the completion of machines which could be shipped or delivered, and make the maximum space available to keep the work flowing."

After matters arising from the previous meeting had been dealt with, the five constituency representatives had raised issues on behalf of their respective constituents:

The Section One representative had raised two issues, both of them requests. He had requested that asbestos covers be provided for the soldering irons used in his section, and that the standard of wiring on the work benches be improved.

The Section Two representative had raised three issues, two in the nature of complaints and one query. The complaints concerned the standard of cleanliness of toilets, and the inconvenience caused to workers by lorries entering and leaving the works yard at lunch-times. The query concerned holiday entitlement in respect of long service.

The Section Three representative had raised four issues, two as requests, one as a complaint, and one as a query. The requests were for improvements in lighting and heating facilities. The complaint concerned production bottlenecks caused by the inadequate finishing facilities in his section. The query concerned the period over which holiday granted in respect of long service could be taken.

The Section Four representative had raised a single issue in the nature of a request. This had been for improved ventilation in his section.

The Section Five representative had raised six issues, three as requests, and three as complaints. The requests had been for a partition around a hoist to confer safety on bypassers; for improved bench lighting facilities, and for the installation of 'trouble' lights. The complaints concerned draughts caused by open doors, the state of cleanliness in the section, and gangways in the section being blocked.

The next stage of the meeting was headed 'General' and consisted essentially of a series of unsolicited points of information which the Works Manager had contributed to the meeting:

- (1) Management wished to request a more detailed completion of stores requisition order forms by workers for the purposes of stock control.
- (2) Management wished to request that requisition cards should be submitted for all withdrawals from the finished parts store where there was no foreman.
- (3) Management wished all holidays in respect of 1967 to be taken by 30th. November.
- (4) Holiday entitlement for 1968 was to be two weeks and three days plus days due in respect of long service up to a maximum of two days. Employees in certain sections were to take the second week in August, and one of the weeks immediately adjacent to it. Further, a premium of £1 was to be awarded to all personnel taking two of the three weeks in question. Other than personnel in specified sections could take holidays in any weeks between 8th. July, and 31st. August.

The meeting had been concluded with a statement, concerning the firm's general trading position, by the Managing Director, Roy Stanley:

"Mr. Stanley is pleased to advise that a contract was signed last week with the representatives of the Hungarian Pharmaceutical industry for two tablet packing lines, somewhat similar to the Rumanian lines already installed. All export business is still showing a good percentage increase, and the home market is remaining extremely stable considering the difficult economic conditions the country is passing through at the moment."

9.0. FRANK WILLIAMS

9.1. ENTREPRENEUR TURNED MANAGER

9.2. BIOGRAPHICAL DESCRIPTION OF THE ENTREPRENEUR

9.3. RESEARCH METHOD

9.4. ENTREPRENEURIAL GOALS

9.5. ORGANIZATIONAL GOALS

9.6. LEADERSHIP AND DECISION-MAKING

9.7. JOB SATISFACTION

9.8. ROLE TIME INTENSIVITY

9.9. BUSINESS IDEOLOGY

9.10 ENVIRONMENTAL PERCEPTION

9.11. MAJOR ORGANIZATIONAL PROBLEMS

9.0. FRANK WILLIAMS

9.1. ENTREPRENEUR TURNED MANAGER

Frank Williams had been Managing Director of Williams-Bellamy Limited, the firm in which he had held a controlling financial interest, at the time the project began in 1967. However, before the end of 1967, he had accepted a bid for control of the firm from Meldrum and Higgins Limited, a subsidiary of the public company, Needham Industries and Company Limited. Throughout the remainder of the project, he occupied the role of Managing Director of Meldrum and Higgins Limited.

9.2. BIOGRAPHICAL DESCRIPTION OF THE ENTREPRENEUR

Frank Williams was born in 1927, the third child and only son of a Welsh mining family. His father had been a miner, and his mother a music teacher. He appeared to have been more highly motivated than his elder sisters. However, Williams was an only son, and an age gap of 12 years had existed between himself and the youngest of his 2 sisters. He said that he had been "spoiled" at home by the other 4 members of his family, all of whom had appeared to him to have possessed adult status. Thus, he appeared to have had a high frequency of contact with adults.

In 1934, when Williams had been 7 years old, his family had moved to England. In the event, Williams had experienced severe ostracism amongst his English colleagues at school on account of his pronounced Welsh accent. However, he had later much enhanced his own status by being selected to play for the school cricket team.

Williams described his performance at school as "moderate," and considered that he had not been "academically inclined." At the time of leaving school at the age of 15, he had become an apprentice engineer on the advice of his father. However, he had experienced a low level of job satisfaction during the first three years of his apprenticeship prior to joining the

... he said:
"An apprentice was rated the lowest of the low in those days - you get paid next to nothing and get your arse kicked if you put a foot out of place."

Williams described the R.A.F. as an "eye-opener," and said:

"I met the sort of people there that I'd never met before - extroverts who had ideas for getting on in life - they broadened my horizons."

He said that, on returning from the R.A.F. to complete the final 2 years of his apprenticeship, he had found both the resumption of the strict discipline associated with this role, and the repetitive nature of his work, very difficult to accept. As a result of this situation, he had moved, on completion of his apprenticeship in 1949, to join a family firm of wire product manufacturers where he was able to broaden the scope of his job by doing tooling and design work. There, he had been promoted to Works Manager after 18 months, but had become frustrated by the owners' refusal to innovate and expand. Williams claimed to have been motivated at this time to find expression for his "creative ambitions," and had formed his own firm (Williams - Bellamy Limited) in 1957 in partnership with Gordon Bellamy.

On completing his apprenticeship at the age of 22, Williams had married a girl who had been employed as a secretary before marriage. At the time of going into business in 1957, he had had the additional responsibility of 3 children and a mortgage. However, Williams said that his wife hadn't been involved in his decision to become an entrepreneur. He said:

"I am a man - bread winner, top-dog - my wife is a mother. That's the whole basis of society. I don't want my wife to manage me, so I make decisions about my work and how I'll provide for her and the family."

Williams had begun to manufacture wire products. The firm had initially occupied a room in the back of a house and employed 2 female personnel. As the firm grew, it later occupied a premises on a factory estate, and employed Williams's former S.A.I. colleague, Ralph Thomson, as Works Manager.

In 1964, Williams had enrolled as a mature student on a part-time post-graduate Diploma in Management Studies course at Kingston College of Technology (later to become Kingston Polytechnic). In 1967, he had passed his final course examinations and became eligible for membership of the British Institute of Management (B.I.M.).

Near the end of 1967 Williams, and his minority partner, Bellamy, had accepted an offer for control of Williams-Bellamy Limited from one of the firm's principal customers, Meldrum and Higgins Limited, a subsidiary of the public company, Needham Industries. Bellamy had gone into retirement and Williams had accepted a 5-year contract as Managing Director of Meldrum and Higgins at a salary of £5,000 p.a.

However, in 1969, the Needham Industries group had merged with the Northern Metals group to form an enlarged company retaining the name of Northern Metals Company Limited. Needham Industries had been essentially family controlled with the board owning 58 per cent of the equity. After the merger, Needham Industries shareholders had owned 41.4 per cent in the enlarged equity in the Northern Metal Company, and the Needham board became the largest block shareholder with 24 per cent. The former Needham Industries chairman, James Needham, became deputy chairman of the new group.

However, the merger was not without its implications for Williams. The principal product line of both of the groups involved in the merger was kitchen holloware - Needham Industries had produced a well-known brandname range of pots and pans, while Northern Metal had produced a similar brandname in the same product range. Meldrum and Higgins, on the other hand, had

Williams-Bollamy Limited, had had an additional interest in wire products. However, printed metal had continued to account for most of the firm's sales, but in a fiercely competitive market and at a low rate of profitability. Williams developed fears that this situation, in conjunction with the now very peripheral nature of Haldrum-Higgins's product-line vis-a-vis that of the enlarged group, might result in the sale or closure of the subsidiary.

At each of the author's meetings with Williams during the first 2 years of the research project, Williams had been asked if he could offer an explanation for the motivation which had structured his entry into entrepreneurship. Invariably, Williams had replied, "I'm just the sort of animal that has to succeed." However, at the beginning of the third year, the researcher asked if the entrepreneur had ever found himself in a position of social marginality which might have structured his subjection to social ostracism. It had been at this stage that Williams had claimed to have first developed his achievement motivation at the age of 7 when his family had moved from Wales to England. Then, he said, he had been subjected to a situation of marginality when he had been "ostracised unmercifully" by English school-children on account of his broad Welsh accent. He said that he had been determined to succeed over those who had subjected him to this form of ostracism and that, from that point onwards, he had been achievement motivated. He said:

"If I ran a race, I had to win, and if I played cricket, I had to get the top score - it was a big thing with me."

Williams claimed that his achievement motivation had endured from this time onwards. He claimed to have received no definite parental encouragement towards becoming self-employed. His father, a skilled manual worker, and one time assistant manager, had known periods of unemployment

coming a craftsman as an assurance of permanent employment during periods of industrial depression. His mother, however, had stressed the benefits of educational achievement. Further, as a music teacher, she had often given private piano lessons in the home which, as well as having entrepreneurial undertones in itself, had brought middle-class pupils into the house and facilitated social class mixing.

Politics :

- (a) Had always voted Labour.
- (b) As parents did.
- (c) Claimed to now vote as a businessman rather than as a private citizen.
- (d) Saw the difference between the two major political parties as being based upon their respective claims to greater administrative efficiency.

Religion : Agnostic.

Life-Style :

- (a) Make of car: Ford Executive (company car).
- (b) Location and value of house: Long Ditton, Surrey. £12,000.
- (c) Type of school chosen for children: State schools for 3 eldest. Private school for youngest.
- (d) Holidays taken at: U.K. and Spain.
- (e) Leisure interests: Participation in the activities of the local branch of the British Institute of Management, captain of local cricket club, golf and sailing.
- (f) Membership of clubs and associations: British Institute of Management (Vice-Chairman), and local cricket club.
- (g) Principal friends in leisure life:

<u>Occupation</u>	<u>Situation Of Initial Meeting</u>
Production Controller-Meldrum and Higgins Limited.	During National Service in R.A.F. Later became Works Manager at Williams-Sollamy Limited.

Director

Moldrum and Higgins Limited.

Managing Director

Chairman of local branch - British Institute of Management.

Management Consultant

Executive member of Local branch - British Institute of Management.

9.3. RESEARCH METHOD

Formal meetings with the entrepreneur were convened at approximately 2-monthly intervals throughout the 3-year research project, and lasted between 3 and 6 hours in each case. During the first quarter, 2 meetings were held at the premises of Williams-Bellamy Limited. There, the researcher had met the firm's Works Manager, and dined with the Production Controller, and her foreman husband, in the presence of the entrepreneur. Thereafter, other than social meetings were held either during evenings in the researcher's flat, or over lunch at a hotel near the Moldrum and Higgins Limited factory, and subsequently resumed inside the factory.

At a lunch meeting in September, 1969, Williams had again been accompanied by his former Production Controller who had moved to Moldrum and Higgins Limited with him. On one occasion, the researcher was invited to dine at Williams's home and met his wife. On 3 other occasions, the researcher had been invited to meetings of the Kingston branch of the British Institute of Management as Williams's guest. On one of these occasions Williams had been acting chairman and, on another, the researcher was guest speaker.

Williams was studied throughout the research project due to his experiences in occupying a series of roles: those of an employee craftsman, entrepreneur and professional manager, respectively. The implications of this situation were seen as being potentially rich in aiding a study of goal succession between individually determined goals. Further, the situation was

seen as presenting a valuable opportunity for accompanying the generation and testing of grounded theory.

The total research fieldwork time involved in collecting data from this firm was 68 hours.

9.4. ENTREPRENEURIAL GOALS

9.4.1. Williams's Entrepreneurial Goals At The Time Of Entry Into Entrepreneurship (1957)

Williams claimed to be able to recall his entrepreneurial goals at the time of entry into entrepreneurship, and had ordered them on a scale as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Finding an outlet for personal abilities	20.0
2	Independence	18.5
3	The status associated with being your own boss	15.5
4	Being able to pick the people you work with	11.5
5	Economic rewards	7.0
-	Security	0.0
-	Building something to leave to the son/s	0.0
-	Achieving recognition in the field of management	0.0

Goal 1: "Finding An Outlet For Personal Abilities"

Williams said that this had been his principal source of motivation for entering into entrepreneurship. He said that he had wanted to command an enlarged work role, i.e., to perform several functions rather than a single repetitive function. Further, he said that he had wanted to be able to have "something to show" for his efforts, and that administering all aspects of the production process was one way of doing this because it facilitated and justified a total identification with the firm's final product. However, he

potentially more demanding but offered a more stable and lasting form of self-expression.

Goal 2: "Independence"

Williams said that his desire for independence had developed greatly during the time of his return to factory employment after leaving the R.A.F. He said that the strict discipline experienced whilst completing his apprenticeship in industry had contrasted markedly with his relative independence in the R.A.F.

Goal 3: "The Status Associated With Being Your Own Boss"

Williams claimed that the status which he had sought and attained from entrepreneurship had not been an extrinsic form of entrepreneurial gratification, but an intrinsic work satisfaction, attained in his relationships with co-workers. He said that he had not been socially aspiring at that time, and hadn't sought status outside work. He said:

"You get status amongst the people working for you - to them you're the boss but, outside work, you're just one of a crowd - I was in those days, anyway."

Williams said that, once again, his status deprivation experienced in transferring from the R.A.F. to complete his apprenticeship in industry, had made him value status very highly.

Goal 4: "Being Able To Pick The People You Work With"

Williams claimed to have valued this goal because it had appeared a realistic aspiration and something which "everyone wanted." One of his first employees, Ralph Thomson, had been a friend he had met in the R.A.F. and who subsequently became his Works Manager.

Williams said he had been satisfied with his level of economic rewards in employment and had merely been motivated towards maintaining his existing standard of living:

Other Possible Goals Not Claimed

Williams said he hadn't considered the other entrepreneurial goals stated on the questionnaire as having been realistic in their aspiration at this time. He said:

"No-one going into business from scratch expects security. They would all like it but that's a different matter. Management recognition is the same. You would like it but don't expect it, and so it isn't one of the reasons you go into business. You make the jump because of what you think you can achieve - not what you would like to achieve but consider impossible."

0.4.2. Entrepreneurial Goals In 1964 : Three Years Before Acceptance Of The Offer For Ownership By Needham Industries.

The firm's financial year ending July, 1963, had witnessed the firm making its first sizeable trading profit. The firm had grown to employ 23 personnel, and had made a trading profit of approximately £4,700. Occupying a rented premises and employing a very labour-intensive technology, the re-investment needs of the firm had been low, which had resulted in the directors being able to make substantial increases in their own salaries. Williams's personal salary had increased from £1,200 p.a. to £1,700 p.a. (in addition to a company car).

Williams said that the increase in the firm's profits, and expectations of further increases, had led him to improve his standard of living to the extent of greater expenditure on leisure life, more luxurious home furnishings, and his family's first holiday abroad - in Spain.

making a trading profit of £5,400. Williams had again increased his own salary, this time to £1,850, and had moved to occupy an £8,000 house at Long Acre in Surrey.

Williams said that this "success" had acted to markedly increase his economic motivation. This situation had had 2 immediate consequences. First, Williams claimed to have become more highly motivated to increase the firm's growth rate and so had increased the firm's issued share capital, "by financial juggling," to £6,000, in order to increase the firm's borrowing potential. Second, Williams had begun to direct increasing efforts towards achieving efficient financial control of the firm. On the one hand, this consideration had structured a decision by Williams to enrol as a mature student on a 3-year part-time post-graduate course in management at Kingston College of Technology. On the other hand, it had led to an insistence by Williams that the firm should "maximize" its "book profits."

Williams said that his partner, Bellamy, would have been contented to have declared no book profits (thus incurring no liability to tax) but to merely take a "comfortable living wage out the back door way." He claimed that the resulting absence of book profits would have limited the firm's potential for bank borrowing and, accordingly, its potential for long-term profit maximization.

Williams had claimed to be unable to recall the precise nature of changes in his entrepreneurial goals during his initial years in business, but claimed to be able to remember his goals as they had applied in 1964 at the time of enrolling as a mature student on a post-graduate course in management at Kingston College of Technology.

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	20.0
2	Finding an outlet for personal abilities	19.0
3	Independence	16.5

5	Building something to leave to the son/s	11.5
6	Achieving recognition in the field of management	4.5
7	The status associated with being your own boss	2.5
8	Being able to pick the people you work with	1.0

Goal 1: "Economic Rewards"

Williams said that this had been his most valued goal at this time, because aspirations towards its attainment were beginning to appear realistic. Though he had aspired towards this goal previously, expectations of its attainment had appeared less realistic and, consequently, less effort had been expended in attempts to secure its attainment. However, by 1964, Williams had felt that the firm's increasing profit ability was likely to continue and, along with it, his already rising standard of living.

Williams's essential purpose in enrolling on a management course had been to increase the firm's profitability (and thus the economic rewards directly accruing to himself) by more efficient financial control techniques. He said that he had regarded the firm as being already quite efficient in its use of production techniques, but inefficient in the use of similar techniques for financial costing, estimating and budgeting.

Goal 2: "Finding An Outlet For Personal Abilities"

Williams said that this had still represented a highly valued goal in 1964, and one that was being attained through steering and managing the firm's growth. He was able, he said, to identify very closely with the firm's growth as a result of his multi-function role, which he had intended to broaden still further by familiarizing himself with financial control techniques at Kingston College of Technology.

Williams said that this had remained a highly valued goal and one which was being further attained by his enrolment on a management course. An alternative to this course of action would have been to have employed a cost accountant, in order to cope with the firm's growing financial control function. However, dependence for this function upon a functional expert recruited from outside the firm would have challenged his own independence (he had already been dependent for the sales function upon Bellamy). On the other hand, becoming responsible for the financial control function was seen as a strategy likely to decrease his dependence on Bellamy and vice versa.

Goal 4: "Security"

Security as a goal had been increasing in the value associated with it at this time, partly because of the firm's increasingly secure financial basis, and also partly because Williams had seen his new £8,000 house as conferring a degree of security in terms of its value in excess of that of the house which he had formerly occupied.

Goal 5: "Building Something To Leave To The Son/s"

At this time, Williams had had a daughter aged 12, and sons aged 10 and 7 respectively. He said that he had no intention to subsequently coerce his sons to join the firm against their choosing but that, as the firm was beginning to appear viable and on a sound economic footing, he had begun to see it acting as a "safety net" for them in the event of their being unable to find more acceptable opportunities in the outside labour market.

Goal 6: "Achieving Recognition In The Field Of Management"

Williams had claimed this as a goal for the first time and considered

3-year Diploma in Management Studies course at Kingston College of Technology. (This qualification or its equivalent constitutes the entry qualification for membership of the British Institute of Management). Williams said, however, that he had enrolled for the course in a quest for attainment of his more highly valued goals (above) rather than in a quest for attainment of this particular goal. He said:

"It was just that the course looked like making this (goal) possible."

Goal 7: "The Status Associated With Being Your Own Boss"

Williams had attached a relatively low value to this goal at the time, considering it to have been largely attained. He said:

"The status I had had during the previous 10 years was still there, but there was nothing novel about it any more and it didn't appear to be in danger. If I'd looked like going into liquidation, then it's one of the things that I'd have been fighting to save but, as things were, it was there for the taking. It was looking after itself - the situation was static. You tend to value this more at the time of going into business than ever after."

Goal 8: "Being Able To Pick The People You Work With"

Williams claimed that this goal had declined in the value attaching to it for 2 reasons. First, personal friends from social life who had previously been prospective employees were already employed in the firm (to this extent the goal had been attained). Second, with the firm now employing over 20 personnel, Williams said that the relationship between himself and new employees was becoming that of employee and employer which characterized the large firm. He said:

the team spirit wasn't there any longer. The people that were joining the firm then felt they were working for the PIMI rather than for ME. The era of the captain followed by his loyal crew was already coming to an end."

9.4.3: Entrepreneurial Goals In 1967 : Immediately Prior To The Needham Offer For Ownership

During the 3 academic years 1964-7, Williams had attended the part-time Diploma in Management Studies course at Kingston College of Technology. He had attended the college for half a day and two evenings each week, and succeeded in passing the examinations at the end of the course. Most of his colleagues on the course had been younger managers in large companies with prior qualifications at degree or Higher National Certificate level.

Williams had enjoyed a fairly high status on the course due both to his age and previous experience, on the one hand, and the novelty of being an owner-manager on the other. Williams had continually implemented the financial control techniques learned at the college in his own firm, and both lecturers and other classmates had shown an active interest in the results.

On completion of the course in June, 1967, Williams had immediately applied for membership of the British Institute of Management, and had begun attending meetings of the local Kingston-On-Thames branch of the Institution. It had been only a matter of weeks later that Needham Industries had made an offer for ownership of Williams-Bellamy Limited.

Williams claimed to be able to recall his goals immediately prior to the Needham offer, and ordered them as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Economic rewards	20.0
2	Independence	18.5
3	Achieving recognition in the field of management	18.0

5	Security	15.0
6	Building something to leave to the son/s	13.5
7	The status associated with being your own boss	1.5
8	Being able to pick the people you work with	0.5

Goal 1: "Economic Rewards"

Williams continued to value this goal very highly. In the financial year ending July, 1966, the firm had established a trading profit of £7,206 on a capital employed of £9,862 and, a year later, established a profit of £5,502 on a capital employed of £10,962. Out of this profit, Williams had, by this time, been paying himself a salary of £2,000 p.a. in addition to other forms of income (a car and director's expense account) drawn from the firm. He claimed that the goal of increasing salary and associated life-style had lost none of its attractions as a goal to be pursued.

Goal 2: "Independence"

The value associated with this goal had increased during the period since 1964. Williams said this had come about as a result of the increasing differences in policy favoured by his partner, Bellamy, and himself. Williams said that, more and more, he had been wanting to apply the "principles of big business management" to the firm, whereas Bellamy had remained steadfast in wanting to keep the firm small, and take profits out of the business in a non-taxable form, i. e., announce no "book" profits but draw heavily on a directors expense account.

Williams said that, because of this situation, he would have liked to have seen Bellamy sever links with the firm completely, but that there had appeared little chance of this happening. However, Williams said he had felt the resulting constraints on his independence to have been greater than had been the case 3 years previously, and that he had been highly motivated to

Goal 3: "Achieving Recognition In The Field Of Management"

Williams said the success of Williams-Bellamy Limited, and his recent associations with professional managers, both on the management course at Kingston College of Technology and as a result of joining the British Institute of Management, had increased the desirability of attainment of this goal. He said that, previous to 1964, he had had little reason to consider this goal realistic in its attainment and, further, had not mixed in the company of professional managers amongst whom this goal was likely to be shared and thus sought after.

Goal 4: "Finding An Outlet For Personal Abilities"

Williams said that this goal had declined in the value he attached to it because it had been, in large measure, attained over a period of years. This attainment, he said, had been reinforced by the successful completion of his college management course and the resulting opportunities for the implementation of modern management financial control techniques in his own firm.

Goal 5: "Security"

Williams said that the value he attached to this goal had changed relatively little since 1964. However, he said that there had been a small increase. This was because the prospects of its attainment had increased with the continued high level of profitability of the firm; his partial repayment of the mortgage on his house, and his increased competence for running his firm efficiently as a result of his recent formal training in management.

Goal 6: "Building Something To Leave To The Son/s"

The value which Williams attached to this goal had changed very

direction for, at this time, his daughter was 15 years old, and his eldest son 12. Further, his son had recently failed his 11-plus examination and had thus increased the chances of the potential "safety valve" function of the firm (to provide employment for the son/s) being taken up.

Goals

7 & 8: "The Status Associated With Being Your Own Boss" & "Being Able To Pick The People You Work With"

Williams once again claimed only low values for these goals, and used the justifications stated for 1964:

9.4.4. The Sale Of Williams-Bellamy Limited To Meldrum and Higgins Limited. (Subsidiary Of Needham Industries).

In October, 1967, one of the firm's principal customers, Meldrum and Higgins Limited (a subsidiary of the public company, Needham Industries) had made a take-over offer for the firm. Needham Industries had initially offered a purchase price of £18,000 and a 5-year contract for Williams, as Managing Director of Meldrum and Higgins at a salary of £5,000 p.a. In the event, Williams had asked for a purchase price of £60,000 and a seat on the main Needham Industries board. However, the terms finally agreed had comprised a purchase price of £42,000, a 5-year contract for Williams's services as a manager (as above), with a seat on the Meldrum and Higgins board, but not on the main Needham Industries board.

Bellamy had retired with his £18,000 share of the proceeds from the sale of the firm, whilst Williams invested £10,000 of his £22,000 share in a stock market investment portfolio, and a further £4,000 in moving from his £8,000 house to a new house worth £12,000.

Williams was asked by the researcher if he would still have sold his business for £42,000 if Needham Industries had not been willing to employ him as Managing Director or, alternatively, if he would have demanded a

the firm at the same price. In fact, he said, he could have set up another identical business at a cost of no more than £20,000. Further, he said that Needham Industries would not have paid £42,000 for the business unless he had agreed to join them. Much of the purchase price, he said, constituted the price paid for goodwill and expertise. He said:

"People don't buy small firms unless they want the manager. Four walls and a few machines aren't worth much. Besides, if they don't give you a contract, you can set up again and supply your old customers."

Thus, Williams claimed, far from himself being willing to make concessions in his selling price in order to remain in the role of Managing Director, Needham Industries would not have paid £42,000 if he hadn't been willing to remain with the firm.

9.4.5. Entrepreneurial Goals At Time Of Acceptance Of The Needham Industries

Offer For Ownership Of Williams-Bellamy Limited

Shortly after the offer by Needham Industries had been accepted, the researcher had established contact with Williams, who had ordered his entrepreneurial goals at that time as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Achieving recognition in the field of management	20.0
2	Security	19.5
3	Building something to leave to the son/s	18.5
4	Economic rewards	17.0
5	Independence	16.0
6	Finding an outlet for personal abilities	14.5
7	"The status associated with being Managing Director of Meldrum and Higgins Limited."	8.5
8	Being able to pick the people you work with	6.0

objective situation, as a result of the take-over, and considerable latitude for bringing his own meaning to the changes which had occurred. In this respect the offer from Needham Industries had had important implications for the research. This, combined with the fundamentally dynamic nature of entrepreneurial goals, presented the researcher with an opportunity for investigating the clarity which entrepreneur's possessed in perceiving their own goals in times of rapid change.

As a result, Williams was asked on his first 3 meetings with the researcher after joining Needham Industries, to identify his principal consideration in selling Williams-Bellamy Limited. However, on each occasion he stated a different reason. The reasons given were as follows:

Reason One: "I've always wanted to go big and this group had a lot to offer me." (Feb. 1968).

Reason Two: "I sold out for one reason only. I didn't like my Sales Director (Bellamy), and couldn't afford to buy him out." (April 1968).

Reason Three: "I wanted the money at a time when it was most useful. We've got a good £12,000 house now; I have a big car and my wife has a car. I've been able to drag my 12-year-old son out of a "D" class in a state school and he's now doing well at a private school. Also, I will have the money to put my sons (then aged 12 and 14) into business if that's what they want." (June 1968).

The above statements were not by any means inconsistent with the goals claimed at the time of sale of the firm. However, the fact that different goals were isolated for particular mention at different points in time, was seen as indicating the potential of short-run events for influencing the meaning which the actor brings to his situation.

Within a year of becoming Managing Director of this firm, many of Williams's initial aspirations and expectations had begun to be reformulated. At the time of the sale of his own firm, Williams had considered all but one of his goals - that of "Achieving recognition in the field of management" - to have been in large measure attained. He had claimed, for the first time in his life, to have achieved the goal of security. He had invested £10,000 from the proceeds of the sale of Williams-Bellamy Limited in a stock market portfolio, and was anticipating a 100 per cent appreciation in value in the duration of his 5-year contract with Meldrum and Higgins Limited. Thus, he said, he felt that he had achieved security because he was not totally reliant upon his existing role as a professional manager for the maintenance of his life-style, but could, in 5 years time, leave the company and venture once again into entrepreneurship if he were not successful in his new role. He said:

"I have separated my investment from my management and so have achieved security."

Further, Williams had claimed that, in accordance with his goal of building for the son/s, he would possess enough capital by the time his sons left school to set them up in business if they had any aspirations towards entrepreneurship. Further, he claimed that, by selling his own firm, he had brought the benefits of this goal to realisation sooner than would otherwise have been the case. He had been able to withdraw his 12-year-old son from a "D" class in a state school, and place him in a private school.

Thus, Williams had continued to claim economic rewards as a valued goal, even though he had recently moved from an £8,000 house to a £12,000 house, bought his wife a car, and was achieving a standard of living which fully consumed his total salary of £5,000 p.a.

He had continued to value independence as a goal and said that he expected to experience a large degree of independence in his new role. Further,

he increased the value attributed to the goal of picking co-workers because he considered that he would be able to recruit competent employees whom he hadn't been able to attract or justify as an entrepreneur of a smaller unit.

The goal of satisfying personal abilities had been seen as having been attained in large measure. A further goal claimed, i.e., "The status associated with being Managing Director of Meldrum and Higgins"- appeared to have been essentially attained from its inception. Again, he claimed that status was an intrinsic rather than extrinsic gratification, and that he expected to experience its attainment amongst his work colleagues rather than in an out-of-work role. Further, 9 of his key workers from Williams-Bellamy Limited, had moved to Meldrum and Higgins Limited with him, and he had felt that his status amongst them would have risen substantially.

Thus, the goal of achieving management recognition had appeared to Williams to be the only goal which remained to be attained. Further, Williams had already defined the quantitative element for attaining this goal - being promoted to a seat on the main Needham Industries board within the duration of his existing 5-year contract.

However, he had already begun to attain this goal in some measure within a relatively short time of joining Needham Industries. Due largely to his success in being installed as Managing Director of Meldrum and Higgins Limited, he had achieved a reputation of some standing in the local branch of The British Institute of Management. In fact, in April, 1968, the Needham Industries Group announced their interim financial results for the financial half-year to December 31st, 1967, and made favourable mention of the fortunes of the wire products section of the group. The 'Investors Chronicle' in an investment appraisal of Needham Industries (June, 1968), said:

"On the wire-products side, the activities of the Williams-Bellamy acquisition have just been transferred to the Mitcham factory where more production space is available; and the chairman, Mr. J. Needham, reports that "signs are already apparent" that the re-organization will be beneficial."

"With benefits still to come from new products and re-organization, the shares look good value."

Shortly after this report and, in Williams's view, partly on account of it, he was elected as a member of the executive committee of the B.I.M. branch, and considered that, if he could get promoted to the main board of the Needham Industries parent company, he might possibly be elected chairman of the local B.I.M. branch.

One Year After The Take-over

At the end of his first full year as Managing Director of Holdrum and Higgins Limited, Williams's expectations of his role gratifications had begun to alter. The meeting at the end of the first year between the researcher and the entrepreneur lasted a total of 6 hours. The entrepreneur had appeared very depressed, and was eager to talk (he had probably been in no situation to discuss his personal doubts and anxieties with his subordinate managers for fear of the consequences for his authority and management morale in general. Further, he said that he was reluctant to burden his wife with his problems).

At the meeting in question, Williams had said:

"I'm terribly unhappy and frustrated at the moment. I'm having serious doubts about whether I should ever have sold the old firm (Williams-Bollamy Limited)."

On this occasion, the entrepreneurial goal questionnaire was completed only after nearly 3½ hours contact time. Williams had then ordered his goals as follows:

<u>Order</u>	<u>Entrepreneurial Goal</u>	<u>Value</u>
1	Security	17.5
2	Building something to leave to the son/s	14.5
3	Achieving recognition in the field of management	13.0

-	Independence	0.0
-	Finding an outlet for personal abilities	0.0
-	The status associated with being your own boss	0.0
-	Being able to pick the people you work with	0.0

Williams said that 4 of the goals offered on the questionnaire, and which had previously been claimed, were now perceived as being realistic in the light of the meaning which the experiences of the past year had led him to bring to his situation. He commented individually upon his goals as follows:

Goal 1: "Security"

Williams said that security was a goal which he had begun to consider had been attained a year earlier. However, at this time, he said the goal was clearly far from attained and certainly under pressure on two accounts. First, his £10,000 stock market investment portfolio was not appreciating in accordance with his initial expectations of 20 per cent per annum. In fact, the value of the portfolio to date had declined in accordance with a general decline in stock market prices. Second, his other possible source of security - his market value as a successful manager - was being challenged. Williams said that, in the year under his leadership, Meldrum and Higgins Limited had made its lowest profit for some years.

He said he saw 3 ways of attaining security: from social position; academic qualifications or demonstrated excellence in a field, or from the accumulation of money not specifically required to finance an existing life-style. He said that he lacked the "breeding and social background" that the Needham family possessed. Further, he said, he lacked the second form of security - academic qualifications or proven excellence, which were a guarantee of market value. Thus, he saw his only remaining means of attaining

up another business, and he estimated that this would require an initial capital of not less than £20,000, in order to be able to generate an income equal to his salary as Managing Director with a public company.

Goal 2: "Building Something To Leave To The Son/s"

Williams said that this goal, which he interpreted in terms of being able to influence the career opportunities of his children, was highly valued and being in some measure realized. He re-stated that he had withdrawn his youngest son from a "D" form in a state school, and placed him in a private school. Further, he said that his daughter had recently left school with three 'O' level G.C.E.'s, and he had been able to offer her the option of staying at school and then going to college. He said that she had declined the offer and taken a job in a bank, but that he had partially attained his goal in being able to offer to support her indefinitely in any educational programme she had wished to undertake.

However, overall, Williams saw this goal as being challenged by the declining value of his investment portfolio. The declining possibilities for setting up another firm of his own, besides creating uncertainties for the attainment of his goal of security, were creating uncertainties for the attainment of the above goal also.

Goal 3: "Achieving Recognition In The Field Of Management"

Williams said that he was becoming less confident of achieving this goal in any greater measure than he had been to date. He said that it's achievement was essentially linked with the profitability of the firm, and that this was currently at a very low level. He said that the firm had begun to diversify too late, and that diversification had meant depreciating existing capital equipment fairly rapidly which was costly. Further, he said, the board of directors were reluctant to make decisions on diversification. He

reluctant to propose change or disagree with one another for fear of being identified with any dysfunctional consequences. Later, Williams claimed that the setting up of a new firm would have been a very much simpler task than that of altering the disastrous course of the existing firm.

Further, Williams said that the Needham family were likely to block his desired promotion onto the board of the parent company for social reasons. He said:

"The Needham's would treat me a lot different if I'd got a Ph.D, or came from a different social background. I get the feeling that, regardless of how well I do here, my face doesn't quite fit, and that's important in a family firm."

Goal 4: Economic Rewards"

Williams said that, to him, economic rewards meant independence in leisure life. He said that he was currently spending his entire salary in maintaining his standard of living, and aspired towards an even higher living living standard.

Williams said:

"Because I've fulfilled all my previous ambitions in this field doesn't mean I'm satisfied. At one time, I was satisfied to break-even in my own business and looked forward to the time when I would be able to pay myself £1,000. I eventually got that and even paid myself £2,000 at the finish. Once my ambition was to live in an £3,000 house. Now I'm in a £12,000 house but don't feel satisfied. I'll always want more. I'm ambitious. It's in my make-up. My aspirations will always move upwards - that's that lot of an ambitious man."

Williams continued:

"If I sold my wife's car and moved to an £3,000 house, we could still live comfortably - better than most - but I would have failed. For another man, it would mean

leads to more commitments. You earn more so you spend more and then need to earn more still. Some people can be satisfied at a certain point and then bank it -- but not me. I know I could save £1,500 a year out of my income, but I like the independence of spending it. I just like the good life."

Other Goals Not Claimed

Goal: "Independence"

Williams said that the value he associated with this goal had declined to zero in view of the decline in opportunities for its realization. He said, in illustration:

"In my own firm, I could do what I liked when I liked. Now, if I want to talk to any of my old team I have to wait until after (working) hours. If I tried to approach them in working hours, I'd be cutting across lines of authority. I have to communicate by remote control through my immediate subordinates."

Further, Williams had become very frustrated with the process of committee decision-making which operated at Meldrum and Higgins. He said:

"I was always supreme boss at Williams-Bellamy and I expected the situation to be the same here -- but I can't move for the board."

Williams had, in fact, complained that Bellamy had impinged upon his independence at Williams-Bellamy Limited. However, he had claimed the severance of links with Bellamy as one of his reasons for selling the firm, and had, in fact, expected an increase, rather than a decrease, in independence to result from his decision to sell the firm.

Williams said that he had lost most of his work-role independence in transferring from the role of entrepreneur to professional manager, and said that he wouldn't regain it unless he succeeded in achieving promotion

Williams said:

"Dick Bryant, (Deputy Chairman of Meldrum and Higgins) has got independence. When the firm went public, the Needham family didn't have a controlling interest without him, and so he got the guarantee of a job for life and he's a rich man too - an ex-Major, member of the M.C.C., centre-court at Wimbledon - the lot. He's the sort that will send a 7 months pregnant girl running up and down flights of stairs fetching him tea and can get away with it when anyone else would get labelled a bastard."

Williams said:

"We were in a board meeting the other day and had to break off when Bryant went off to the Test Match. He can do this because he's got no direct responsibility for profits, and that's what independence means at this level. My brother-in-law has got more independence in his work than I have. He's a civil servant and can take a day off work any time he likes - he's not measured by a balance sheet."

Goal: "Finding An Outlet For Personal Abilities"

Williams had claimed a zero value for this goal because, he said, he was beginning to feel that he had already exceeded the bounds of his own personal abilities:

"I am asking myself if I haven't already over-promoted myself. This is the dilemma of the ambitious man - he is never satisfied with his own achievements and will eventually pass the point of his limitations. I might be at my limit now. It's possible that Works Manager is my limit in a firm of this size and that I've reached my level of incompetence."

Goal: "Being Able To Pick The People You Work With"

For the first time, this goal had been placed at a zero value. This,

"I would like to pick the people I work with very much, but find now that I can't and, in any case, the sort of people I like to work with wouldn't be any use here. I like people I can dominate, and they're no use in a firm like this because you have to delegate. Ralph Thomson (Williams's Works Manager at Williams-Bellamy Limited, and now working in the wire department of Meldrum and Higgins Limited) is a case in point. I liked working with him because he was loyal, and I could dominate him, but I can't give him authority here because he hasn't got the drive to push things through. I have to surround myself now with self-starters (go-ahead managers with initiative) and these aren't the people I enjoy working with."

Goal: "The Status Associated With Being Your Own Boss"

Williams said that the only status he still enjoyed at Meldrum and Higgins was that experienced amongst his former employees from Williams-Bellamy Limited. He said that he was not socially acceptable to the Needham family, and that most of the Meldrum and Higgins employees had developed deferent attitudes and didn't accept him either. He said:

"They still went in for fore-lock touching here before I moved in and they don't seem to like the change."

Further, Williams said he had fired 2 long-serving employees, both over the age of 65, whom he had considered "useless." However, he said that the Needhams had kept them in employment for "sentimental reasons," but that he had had little sympathy for such motives. However, this situation, he said, had earned him a reputation amongst shop-floor workers for ruthlessness, and had reduced his status even further.

Limited

In September, 1969, the Northern Metal Company Limited, a public company, had made a proposal for a merger with Needham Industries. This action had presented shareholders of the Northern Metal Company with an alternative to accepting a bid for control of their own company by Holloware International

Before the end of September, Holloware International had withdrawn its offer for control of Northern Metal in view of its failure to win adequate support for its offer amongst shareholders of the company. On this news, merger proposals between Northern Metal and Needham Industries had become operative.

'The Times', on its financial page, prior to the withdrawal of the offer by Holloware International for control of Northern Metal, had commented on the proposed merger between Northern Metal and Needham Industries:

"It is almost a reverse take-over, since the Needham board, who own 58 per cent of the equity, will end up as the largest shareholder block in the enlarged Northern equity."

In fact, the Needham board had held 24 per cent of the equity of the expanded Northern Metal group equity.

Williams's Attitudes Towards The Merger

Williams said that the merger was likely to make his goals more difficult to achieve than they were already. He said that the products of Holdrum and Higgins were peripheral to the product line which Northern Metal and Needham Industries had in common, i.e., holloware pots and pans. Northern Metal had produced a well-known range of pots and pans and Needham Industries had produced a similar well-known range in the same product.

Williams said that no firm in the group other than Holdrum and Higgins was involved in printing on metal or the manufacture of wire products and so

of profitability, that the firm would be forced to cease trading. Williams said:

"We're out of line with the other firms in the group. Our new chairman could be an axe-man - another Weinstock - he could chop this lot out completely. I'd never have become Managing Director here knowing what I know now."

Further, Williams said that the merger was likely to yield a surplus of management skills which, in turn, was likely to make the main board of the company more inaccessible than it had been previously. He said:

"I want to be top dog and so it looks as if I'll have to start on my own again."

During 1969-70, Williams had made unsuccessful representations to the board of Meldrum and Higgins to scrap or sell the firm's equipment for printing on metal, and expand the output of wire products more rapidly. He claimed that competition in printed metal products was severe, and that profit margins were low. The firm had about £60,000 invested in metal printing machinery which Williams had been unable to work full-time through lack of orders. However, the fact remained that James Needham had formerly made a profit in the order of £50,000 p.a. from the plant.

At the time of the merger, the new Northern Metal group had forecast a profit of £580,000 for the financial year 1969-70. Prior to the publication of interim profit figures for the first 6 months of the 1969-70 financial year, Williams had considered that the severity of the eventual integration and re-organization within the newly merged group would depend upon the profit shortfall or surplus over that predicted (i.e., £580,000). Williams predicted that, if the predicted figure were exceeded, the main board of the new group would "be willing to live and let live, and avoid extreme hardship in its plans for re-organization." On the other hand, Williams said, if there was a

9.4.8. The Northern Metal Group Interim Profits For The Financial Year 1969-70

In the event, there was a profits shortfall at the half-way stage. The 'Financial Times' (April, 1970), under a heading, "Shortfall at Northern Metal", reported a combined group profit before tax of £248,000 but that, despite the profit shortfall, the Northern Metal board "... confidently expected, however, that a figure of over £500,000 will be shown, (for the full financial year 1969-70) which will (still) be a record." (Note : author's brackets in above quote).

The 'Financial Times' continued:

"On the revised basis (of expected profits - author's brackets), the maximum (hopefully - 'F.T'. brackets) undiluted p/e on a normal tax charge is about 15. That may not look much to pay for the further growth confidently predicted in 1970-71, but then THERE IS SOMETHING OF A CREDIBILITY GAP" (author's capitals).

The 'Financial Times' commented further that the Northern Metal share price had fallen only 1½d. to 13/- on the above news. This compared with a price of 13/9d on 13th. Sept. 1969, when the merger was examined in 'The Times' business section. However, the 9d. difference between the two prices (particularly in view of a drop in the F.T. share index anyway during that time) does not appear so significant as the fact that the Northern Metal board had previously steered shareholders away from accepting a bid worth 16/9d per share from Holloware International. In fact, 'The Times' (Sept, 1969), at the time when the defensive alliance between Northern Metal and Needham Industries had been formulated as a strategy for resisting the bid for control of Northern Metal by Holloware International, had commented:

"Certainly the market is not expecting Holloware to succeed, and the Northern shares at 13s.9d. are nearly 3s. below the value of the bid. It does look as if the

board, backed by BRITISH ALUMINIUM and AMEC INVESTMENTS
with their 20 per cent stake, in STEERING OTHER SHAREHOLDERS
AWAY FROM A GOOD BID." (author's capitals).

Thus, under these circumstances, it would appear that by April, 1970, there existed a discrepancy between the profit expectations of shareholders (i.e. the degree of attainment of the organizational goal of long-term profit maximization) and the performance of executive management. Shareholders in the original Northern Metals group could compare the current share price against the higher price offered by Holloware International as a reference point. Further, even though original Needham Industries shareholders made a handsome profit through exchanging their Needham Industries shares for convertible loan units, the value of these is currently related to the Northern Metals share price.

Thus, currently, shareholders may well see the Northern Metals board as having extended their managerial discretion to a maximum in protecting their own independence by structuring the rejection to the Holloware International take-over bid. Thus management, having extended their license for management discretion by claiming it to be consistent with organizational goal attainment equivalent to a profit figure of £580,000 on the 1969-70 financial year, would now appear to be under pressure to achieve this profit in as short a time as possible in the future. If such a strategy were not pursued, then it might possibly structure a further bid for control from Holloware International, thus challenging, once again, the independence of the Northern Metals board.

Entrepreneurial Goals At The End Of 1970

In October, 1970, Williams had ordered his entrepreneurial goals as follows:

1	Security	19.5
2	Achieving recognition in the field of management	17.0
3	Economic rewards	16.5
4	Building something to leave to the son/s	14.0
-	Independence	0.0
-	Finding an outlet for personal abilities	0.0
-	The status associated with being your own boss	0.0
-	Being able to pick the people you work with	0.0

Goal 1: "Security"

Williams said:

"This looks anything but certain now. I'm not going to get it through my investment portfolio, so I can only get it through my value as a manager. It's tied to management recognition really. If I fail there, I'll lose my security as well. I'd only feel really secure after getting a seat on the main board, a salary of 25,000 plus, and a share of profits."

Goal 2: "Achieving Recognition In The Field Of Management"

In discussing this goal, Williams had expressed concern at the consequences of Meldrum and Higgins's low rate of profitability for his chances of attainment of this goal:

"I can't afford to carry on making 4 per cent on capital. I could if I were an owner-manager, but here I'm hired to make money. Even the chairman is on trial after the profits shortfall. The world is looking at his performance and, if it's not up to standard, they'd never support the board again in fighting off another take-over bid."

He continued:

I'd make the main board in 5 years. I wouldn't have sold out if I hadn't thought I could do it, so I've sunk everything on success."

Goal 3: "Economic Rewards"

With only 18 months of his existing 5-year contract left to serve, Williams claimed to be concerned about the continued attainment of this goal.

Goal 4: "Building Something To Leave To The Son/s"

Williams claimed to still value this goal quite highly, but said that he was gradually becoming resigned to the fact that it was unlikely to be attained. His eldest son was 16, and was looking for a career and, though Williams could afford to finance his continued presence at school and possibly college, he was unable to offer him a business. Williams's share portfolio was currently valued at £6,000, which would have been insufficient to have financed a re-entry into entrepreneurship by Williams as a condition of re-establishing a firm for his son/s, without drastically reducing his own living standard.

Goals Not Claimed:

Goal : "Independence"

Williams said that this goal could only become a realistic aspiration once again if he attained the above goal of management recognition. He said:

"Getting recognition as a good top manager allows you to develop independence in your work. No-one calls the tune for Weinstock - his managers work with him, they don't compete with him - they daren't - and that gives him independence."

Williams claimed to be experiencing few opportunities for attainment of this goal, partly because of his narrowly defined role and, in addition, partly because of fears that he might have already "over-promoted" himself.

Goal : "The Status Associated With Being Your Own Boss"

Williams had felt that the status he had enjoyed amongst his subordinates at Williams-Bellamy Limited had disappeared at Meldrum and Higgins Limited. He said that, though some of his former employees had moved to Meldrum and Higgins, his contacts with them were very few and infrequent due to the existence of intermediate levels of management. In addition, his ex-Production Controller from Williams-Bellamy Limited (now Production Controller of the wire section at Meldrum-Higgins Limited) Jane Salter, said in 1970:

"He (Williams) has lost a lot of his old status because his old team don't see him now, and they know he doesn't own the place - he has a boss just like they do."

Goal : "Being Able To Pick The People You Work With"

Williams re-stated previous statements made on this issue.

9.5. ORGANIZATIONAL GOALS

Williams had ordered the goals of his own firm, Williams-Bellamy Limited, and those of the firm he was managing at the end of the research project, Meldrum and Higgins Limited, as follows:

(i) Organizational Goals Of Williams-Bellamy Limited

(a) At Time Of Entry Into Entrepreneurship (1957)

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To provide employment for the owner/s	20.0
2	To make a profit as a return on capital employed in the firm	8.5

0 To provide employment for employees
 - To provide the market with goods and services 0.0

(b) Immediately Prior To The Bid For Control From Meldrum and Higgins Limited

<u>Order</u>	<u>Organizational Goal</u>	<u>Value</u>
1	To make a profit as a return on capital employed in the firm	20.0
2	To provide employment for the owner/s	17.5
3	To provide the market with goods and services	8.0
-	To provide employment for employees	0.0

(ii) Organizational Goals Of Meldrum and Higgins Limited

1	To make a profit as a return on capital employed in the firm	20.0
2	To provide the market with goods and services	3.5
3	To provide employment for the owner/s	0.0
4	To provide employment for employees	0.0

Williams said:

"If you're a public company, you've got to think about what your public expects - otherwise it doesn't matter. I know owner-managers who've never shown a meaningful profit in their books but they can manage to run a Bentley, and they're quite satisfied. But it's not the same if you're a public organization. You're responsible for OTHER people's money then, and THEY care."

Williams continued:

"I said when I sold out (Williams-Bellamy Limited) that I'd make the Needham Industries board in 5 years. I wouldn't have sold out if I hadn't thought I was

...of pulling it off, and so I've come
myself in success and that means getting bigger
profits out of this place than (James) Needham
ever pulled off."

Thus, Williams saw the prospects for attainment of his personal goals as being very closely aligned with the prospects for attainment of the organizational goal of profit. Further, he appeared to consider himself as possessing very little discretion to depart from the organizational goal of profit maximization until he had produced profits at least equivalent to those attained by the firm in the past (which he had failed to do).

He said:

"I am asking if I haven't over-promoted myself. I might be at my limit now. This is the problem of the ambitious man. He's never satisfied and will eventually reach the limit of his abilities."

9.6. LEADERSHIP AND DECISION-MAKING

Both the leadership style adopted by Williams in decision-making and the content of decision-making, appeared consistent with the attainment of entrepreneurial goals.

Leadership

Williams had been presented with descriptions of 4 leadership styles: autocratic, persuasive, consultative and democratic (see questionnaire Appendix I. 9.11). He said that, at Williams-Bellamy Limited, he had had no peers, only subordinates, and the questionnaire description of the autocratic leadership style complied most closely with his mode of leadership as an owner-manager. He said, "At Williams-Bellamy, I was supreme boss."

Further, when Williams had commented upon the entrepreneurial goal of "Being able to pick the people you work with" a year after the sale of Williams-Bellamy Limited, he had expressed disappointment at being function-

then submissive people whom he could dominate.

Though Williams, as an owner-manager, had maintained a fairly informal relationship with most of his employees, and even with Jane Selter and her husband (production controller and foreman respectively), his relationship with Ralph Thomson (his ex-R.A.F. colleague and Williams-Bellamy Limited Works Manager) was more formal. By this means, he appeared able to, in effect, minimize his dependence upon second line management (thus maximizing his own independence) and, at the same time, maximizing status differentials.

Further, it was noticed by the author that Williams "dragged" Thomson along to B.I.M. meetings with him even though Thomson showed no real interest in the underlying principles or processes of management. Thomson never participated at any of these meetings, nor did he speak in informal groups either before or after the main business of the meetings. Both Williams and Thomson confirmed that he was attending only at Williams's insistence.

However, this being the situation, Thomson's presence at the meetings did appear to serve a latent function for Williams - that of demonstrating Williams's status and independence in front of other managers. For Williams, in informal conversation at the meetings, went to considerable lengths, to keep Thomson at his side. Thomson was inevitably introduced as "My Works Manager," (whilst at Williams-Bellamy Limited) and "My Old Works Manager" subsequent to the take-over. After this initial introduction, Williams was almost inevitably overtly rude to Thomson though never inviting Thomson to respond.

An instance of the above, was a B.I.M. meeting in 1967. After the meeting a discussion had ensued involving Williams, Thomson, the author, a female journalist and two other businessmen. One of the businessmen had handed round cigarettes. Everyone had accepted and acknowledged the gesture by "thanks," "cheers," nod of the head, etc. However, a while later, Thomson had

children cigarettes around. Again, everyone had accepted the knowledge and the gesture save Williams who had ignored Thomson's offer. Later, Williams had quite pointedly offered cigarettes round - to all except Thomson.

Some little time later, the researcher had directed the conversation towards a discussion of the responsibility of the firm to provide employees with continuing employment. Once again, Williams had used the situation to demonstrate the status differential between Thomson and himself (by demonstrating that he could sack Thomson whereas the reverse situation didn't apply) and his independence of Thomson in claiming no loyalty or responsibility towards him as an employee. Williams had said:

"I don't owe Ralph (Thomson) a thing and he knows it. If I sacked him tomorrow, he couldn't complain. He didn't have to work for me and I didn't have to employ him. He chose to work for me and I paid him. That's as far as the relationship goes - it's all history."

Williams claimed that, whilst at Williams-Bellamy Limited, he had argued quite seriously with Bellamy over the process of decision-making. Differences of opinion had been structured principally by Williams's desire to expand the firm, and Bellamy's contrary desire to maintain the firm at a relatively small size. (Bellamy had been 50 years old at that time. He ran a shop of his own, and was living in semi-retirement. Thus, his working hours in the firm were relatively few).

Williams said:

"There was a clash of personalities. I often slammed the 'phone down on him, but having a controlling interest cuts no ice if you argue. You can't afford to buy each other out so you have to compromise or go bust. It's a battle of personalities not share-holdings."

He continued:

"We had no formal meetings. We discussed things problem by problem as they arose. I took on the labour, priced jobs and controlled production - he (Bellamy) was

the D.M.S. (Diploma In Management Studies) because of my greater knowledge."

However, as Managing Director of Meldrum and Higgins Limited, Williams had had to merely contribute towards strategic decision-making through a board of directors with James Needham as chairman. Thus, the style of leadership adopted amongst peers was consultative and, amongst his "self-starter" subordinates, consultative/persuasive.

One of Williams's principal forms of dissatisfaction at Meldrum and Higgins Limited, had been the formalised committee procedures adopted in decision-making. He said:

"There are 2 types of management - emotional management used in small firms where the firm is an extension of the owner's personality - and text-book bureaucratic management used in large firms."

During his initial months at the new firm, he had said:

"My main difficulty in this new situation is delegating. I've always felt 100 per cent responsible for a firm and still do. I must learn to delegate."

On major decisions, board meetings had been convened. The board had comprised the 6 directors in the firm, including Williams, plus a chairman. Prior to the merger with Northern Metals, James Needham had been chairman. However, after the merger, the chairman of the newly expanded group had acted as chairman at board meetings convened by all subsidiary companies. Such meetings had been convened on a monthly basis. Williams said:

"He (the chairman) listens, asks questions, and makes decisions, but we can then question them (i.e., consultative/persuasive leadership style). But I don't like the politics of big board management. I like to get on with the job."

9.7. JOB SATISFACTION

<u>Job Situation</u>	<u>Level of Job Satisfaction</u>
In employment.	Moderate (4)
During initial years in entrepreneurship.	Very high (7)
Shortly before the take-over by Meldrum & Higgins Limited.	High (6)
In employment as Managing Director of Meldrum & Higgins Limited.	Moderate to low (3)

During the final meeting between Williams and the researcher, in October, 1970, Williams had said:

"I've come to the conclusion that job satisfaction is what self-employment is all about. When you're on your own, you give 110 per cent effort and enjoy it. When you're working for someone else, you give 90 per cent and don't find it anywhere near so rewarding."

9.8. ROLE TIME INTENSIVITY

<u>Hours of Working</u>		
<u>Job Situation</u>	<u>Average Length Of Working Week</u>	<u>Holidays</u>
In employment	50 hrs.	2 weeks
Initial years in entrepreneurship	65-70 hrs.	1 week
Prior to take-over	55-60 hrs.	2 weeks
Professional Manager	50 hrs.	4 weeks

Williams said:

"Ever since I started on my own in 1957, there's been a trend away from doing the job myself to organizing

other people to do it. When you like them on your own, you have to do everything from buying to sweeping the floor. It's more satisfying that way."

9.9. BUSINESS IDEOLOGY

Williams claimed that his business ideology had changed over time and attempted to answer the business ideology section of the questionnaire schedule in accordance with the ideologies to which he had subscribed at different periods in time (see diagrams in chapter on discussion of case studies).

Politics

The researcher had recorded Williams's voting behaviour in the 1970 General Election when Williams, after a great deal of prior consideration, had voted Labour.

Williams said:

"As a top manager I feel that a Conservative government is more advantageous to business - they believe in private enterprise. The welfare state makes it impossible for management to manage - social security when they feel like time off work, limitations on dividends, S.E.T., corporation tax, etc. They don't realize on the shop-floor that we as managers pay for the welfare state, and yet have to show a profit too, or shareholders will withdraw their interest."

On taxes, he said:

"If taxes were lower, we could plough more profits back and pay higher wages with more incentive to work, and this would create more wealth. Conservative governments' have more sympathy with these attitudes."

However, in spite of these statements, Williams claimed to vote Labour. He said:

I'm not socially accepted by the business family, and they don't show me anywhere near the respect they ought to. And it doesn't end there. It goes right into the factory. Dick Bryant thinks nothing of sending a 7 months pregnant girl down two flights of stairs to fetch him a cup of tea, and there's nothing said. But they wouldn't stand it from me - they'd call me a bastard. They regard wanting to know you as a favour you have to earn."

He turned to the authors:

"Take you, if I introduced you as Mister they wouldn't have time for you, but, as Doctor, you'd command their full attention. I'd love to take time off to get an M.B.A. - they'd want to know then. But the way they see it now, it's 'we the ruling class and you the peasants', and I suppose Labour are going to break that sooner than the Conservatives."

Williams also made frequent statements relating to business ideology that were more divorced from the field of politics. These were epitomized by his claim to care about people, an attitude which he always qualified thus:

"I care about people but, having said that, they must be people who give me 100 per cent effort. I've got no time for the rest and would sack them as soon as speak to them."

9.10. ENVIRONMENTAL PERCEPTION

Williams had completed the section of the questionnaire schedule relating to environmental perception in respect of 3 different periods in his entrepreneurial career - those which he had also used in his response to the business ideology questionnaire. His 'Environmental Perception Quotient' in 1957, 1967 and 1970 respectively, was as follows:

9.10. ENVIRONMENTAL PERCEPTION

ELEMENTAL SUB-ENVIRONMENTS

<u>Job Situation</u>	<u>Labour</u>	<u>Workforce Efficiency</u>	<u>External Aids</u>	<u>Technical</u>	<u>Market</u>	<u>TOTAL</u>	<u>Environmental Perception Quotient</u>
Time of entry into entrepreneurship (1957)	2	2	1	4	1	10	20
Immediately prior to takeover bid for Williams-Bellamy Limited (1967)	5	7	7	7	6	32	54
As Managing Director of Meldrum and Higgins Limited	5	9	8	7	7	36	72

Williams defined the major problems of the small firm at a general level as follows:

- (1) Shortage of finance.
 - (2) Inadequate financial control to ensure accurate financial estimating of production costs in realistically pricing products.
 - (3) Lack of the full range of skills required by all firms.
- (1) Shortage Of Finance

Williams said:

"The number one risk for a small business is taking on an expanding workload and not being able to finance it - over-trading. I got into difficulties that way once but survived. Turnover becomes a be-all and end-all to small businessmen. They think only in terms of sales turnover and forget profit. They think profit will follow automatically, and forget the time cycle when they have to pay out for labour and materials weeks before their customers pay them. You must do your homework before you grow. I give work to small firms. They get an order for £5,000, and think they've arrived. It doesn't occur to them to refuse it - they buy the materials and then get a call from their bank manager. He tells them they can't pay their workers' wages that week. And so, they come on their bended knees and ask if they can have immediate payment. I tell them, okay, but I want a rebate. They say 'okay-2½ per cent do?'. I say 'no - make it 3½ per cent' and they have no choice but to accept, yet that's their entire profit on that job completely lost."

He said:

"We, (Holdrum and Higgins Limited) are backed by the group and can operate long-term policies. Small firms have to work from day-to-day."

and "take risks they wouldn't consider worthwhile if they really thought about it." He said, "The momentum of business carries you into certain activities you wouldn't go into by positive choice."

Williams, as a member of the executive committee of the Kingston-On-Thames branch of the British Institute of Management had invited the author to address a meeting on small firms in October, 1969. The author had been accompanied by two other speakers - one an entrepreneur from the printing industry, and the other an entrepreneur from the electronics industry. Both of these entrepreneurs had claimed "over-trading" to be the major difficulty facing them in their small businesses:

(2) Lack Of Financial Control

Williams said that the small businessman typically lacks both the knowledge and administrative facilities to

- (i) allocate overhead costs properly,
- (ii) accurately estimate the labour and material costs of a job,
- (iii) compare estimated with actual costs after the event.

(3) Deficiency Of Skills

Williams said that only the small owner-manager, or group of owner-managers working together, who singly or collectively possessed the range of skills required in designing, manufacturing, costing, selling and personnel management could really grow.

Labour Shortages

Whilst, at a general level, Williams had isolated the above problems as being the major problems facing small businessmen, throughout his

time at minimum and Higgins limited the firm had experienced a chronic labour shortage. In fact, the firm's average workforce size had been approximately 180 personnel, whereas, Williams had claimed that the firm had required an additional 60 personnel in order to make full use of the firm's productive capacity.