A case study of the strategic leadership displayed by Kevin Hedderwick at Famous Brands between 2004 - 2009.

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INTEGRATIVE SUMMARY

Research studies and the review of academic literature has found that strategic leadership had a direct impact on organisational climate, and that climate in turn accounted for nearly one third of the financial results of organisations (Goleman, 2000). The conclusion from research conducted across 13 industries established that over a 20 year period, leadership accounted for more variations in performance than any other variable (Northouse, 2006). This thesis confines its research to a case study on Famous Brands. Famous Brands is currently one of Africa's leading Quick Service Restaurant and Casual Dining franchisors and is also represented in the United Kingdom. The Group also has a manufacturing arm and supplies its franchisees, the retail trade and the broader hospitality industry with a wide range of meat, sauce, bakery, ice cream, fruit juice and mineral water products. At the time when the company's name changed from Steers Holdings to Famous Brand in 2004, Kevin Hedderwick was appointed as Chief Operating Officer.

The research examines how Kevin Hedderwick has exercised strategic leadership and thereby influenced Famous Brands' performance. Hedderwick displays qualities, attributes and behaviours that are characterized by the phenomenon of "strategic leadership".

A quantitative analysis of Famous Brands financial performance (between 2005 and 2009) was undertaken. Further qualitative descriptions were used to further give meaning to the financial results. The success experienced by Famous Brands since Hedderwick's appointment, seem to suggest that strategic choices and initiatives have been met with great success. The research is presented in the form of a case study that can be developed into a teaching case to be used in the classroom to illustrate the exercise of strategic leadership.

The researcher explored a qualitative research framework by collecting and assimilating data from available documentation, and from a formal interview that was conducted with Mr Hedderwick. Information was also obtained from interviews that were conducted with other senior executives and influential personnel.

This research concludes that the success of organisations is dependent on the interventions of a strategic leader who displays a specialist set of skills and behaviours. These strategic leaders have the ability to successfully influence their employees, thereby creating an enabling environment for the implementation of their strategic choices.

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PREFACE

I. Background

As the business environment becomes even more complex, the need to reformulate strategy and adjust elements of the existing strategy becomes more frequent and necessary (Higgins, 2005). As are result senior executives find themselves in situations where they need to integrate a number of changes in the execution of the organisation's strategy (Higgins, 2005).

Therefore in ensuring the survival of the organisation, leaders need to adopt a two-pronged approach in strategy making: deliberate and emergent. Strategy begins with vision and mission, and then the determination of strategic objectives and the strategies to achieve them (Staude, 2006). While vision and mission are not changed that frequently, adjustment to strategic objectives and strategy are ongoing (Higgins, 2005). The ever changing business environment, make it impossible for many firms to finish a period of time longer than two or three years still following the strategies with which they started (Higgins, 2005).

Without effective strategic leadership, the probability that a firm can achieve superior or even satisfactory performance when confronting the challenges of the global economy will be greatly reduced (Hitt and Ireland, 2002). It is the competence of leaders within the firm that determines the returns that organisations realise (Charlton, 1993). The unique legacy of the leaders is the creation of new institutions that survive over time, through constant organisational growth and renewal (Charlton, 1993). The domain of leaders is in creating the future and the survival of the organisation is dependent on the quality of its leadership (Charlton, 1993). To this end, strategic leaders need to have different styles for various types of strategic situations (Higgins, 2005)

This research attempts to investigate strategic leadership displayed by Kevin Hedderwick at Famous Brands between 2004 – 2009 in his capacity as the company's Chief Operating Officer (COO), and to interpret the influences thereof on the performance of the researched company.

II. Research aim and objectives

The aim of this research is to analyse how Kevin Hedderwick has exercised Strategic Leadership during his tenure as Chief Operating Officer of Famous Brands from 2004 to 2009, while pursuing a growth strategy through Mergers, Acquisitions and Joint Ventures.

The resultant objectives of the research will be to:

1. Describe the growth of Famous Brands from 2004 to 2009.
2. Identify the key challenges that arose during this period.
3. Analyse the roles and functions of strategic leadership exercised by Kevin Hedderwick in leading the growth of Famous Brands and dealing with the associated challenges.

The results from this research are intended to propose recommendations and advice to current business leaders; future business leaders, and (or) to organizations, regarding the exercising of effective strategic leadership.

What follows is a brief background on the company that forms the subject matter.

III. The company researched

Famous Brands, formerly Steers Holding Group, was founded in the 1960's when the founder of the company, George Halamaderis, visited the United States and decided that he would bring the fast-food concept back to South Africa (Steers, 2010:1). Famous

Brands is currently one of Africa's leading Quick Service Restaurant and Casual Dining franchisors and is also represented in the United Kingdom (Famous Brands, 2010a:1). The global footprint of the Group now stands at 1,823 franchised restaurants spread across South Africa, 17 other African countries and the UK (Famous Brands, 2010a:1). Its brand portfolio includes Steers, Wimpy, Debonairs Pizza, Mugg & Bean, FishAways, House of Coffees, Brazilian Café, Tasha's, Giramundo, Vovo Telo and Keg and Macgintys (Famous Brands, 2010a:1). The Group manufactures and supplies its franchisees, the retail trade and the broader hospitality industry with a wide range of meat, sauce, bakery, ice cream, fruit juice and mineral water products (Famous Brands, 2010a:1).

In 2001 an announcement was made that Kevin Hedderwick was to be the managing director for the Steers Brand (Famous Brands, 2010b:1). At that stage, the company was still known as Steers Holding Group. When the name change came about in 2004 to Famous Brands, Kevin Hedderwick was named as Chief Operating Officer (COO) (Famous Brands, 2010b:1). Through the various acquisitions of other brands and the strategic leadership shown by top management, Famous Brands has continued to show significant growth. As an indication of this growth, in 1994, Famous Brands was listed on the JSE Securities Exchange with shares hitting the board at 165c (Famous Brands, 2010b: 01). These shares are currently worth around 3350c (Famous Brands, 2010b: 01). It would seem that Hedderwick's strategic leadership has greatly contributed to the growth that Famous Brands has enjoyed. Over the past few years, he has led significant acquisitions and disinvestments, and has also managed to lead the group through an economically testing period.

IV. Thesis Outline

This thesis consists of three sections.

The outcomes of this research are presented in Chapter 01 (namely: Case Study). Thick descriptions characterise the presentation style of the qualitative data that has been collected and assimilated. Relevant quantitative data is discussed by using ratios and percentages to illustrate the results of time-series analysis (Yin, 1994).

In Chapter 02 (namely: Literature Review), a review of literature is presented that relates to the phenomena of leadership; leadership styles; strategic leadership; capabilities of effective strategic leadership; tasks and roles associated with effective strategic leadership; and the influence of strategic leadership on organisational performance. The literature review conducted serves as a broad foundation for understanding strategic leadership and does not purely focus on the issues of the case at hand.

Chapter 03 (namely: Research Methodology) outlines the research aim; the research objectives and the research paradigm that have been identified. The discussion also details the research methodology; the case study method; an inductive approach; an inter-subjective position; the research participants; data collection techniques and analysis; objectivity; issues of quality; ethics; and the limitations of this research.

CHAPTER 01
CASE STUDY

1.1 Introduction

This chapter details the findings and analysis of the study. The presentation of these results will be mostly qualitative with some results expressed quantitatively. The analysis will be conducted as per the aim and the resultant objectives of this study. These are as follows:

The aim of this research is to analyze how Kevin Hedderwick has exercised strategic leadership during his tenure as Chief Operating Officer of Famous Brands from 2004 to 2009, while pursuing a growth strategy through mergers, acquisitions and joint ventures.

The resultant objectives of the research will be to:

1. Describe the growth of Famous Brands from 2004 to 2009.
2. Identify the key challenges that arose during this period.
3. Analyse the roles and functions of strategic leadership exercised by Kevin Hedderwick in leading the growth of Famous Brands and dealing with the associated challenges.

The analysis of the roles and functions of strategic leadership exercised by Kevin Hedderwick (objective 3) will be done using the framework suggested by Amos (2006). Amos (2006) suggests that the tasks and role of effective leadership include the following:

- Setting organisational direction
- Driving the strategy and staffing the organization

- Building and utilising core competencies
- Creating organizational alignment
- Organizational culture and values
- Leadership and management of change

This chapter concludes with the summary the findings of the research and examines the value of this case study. It also presents recommendations regarding the application of effective strategic leadership in organisations. Recommendations to other leaders and for further research are also presented.

But first, the growth of Famous Brands Limited between 2004 and 2009 will be detailed.

1.2 Company Growth

Famous Brands entered 2004 at the back of having acquired Pleasure Foods (Ltd), compromising of the Wimpy, Whistle Stop and Market Café Brands, during 2003. Market capitalization stood at R631 million**,** the share price at 725c and the dividends per share stood at 18c (Famous Brands, 2010)**.**

It was during 2004 that the company underwent a name change from Steers Holdings to Famous Brands. Top management felt that the name change to Famous Brands better represented the company, which at this stage, compromised of the following brands: Steers, Debonairs, Wimpy, FishAways, House of Coffees, Brazilian Café and Whistle Stop (Famous Brands, 2010)**.**

What follows is the description of the growth of Famous Brands between 2005 - 2009, through the acquisition of new brands, expansion of existing brands, strategic alliances and joint ventures.

2005

In 2005, a decision was taken to realign the company's business model (Famous Brands, 2010). The existing major divisions, Franchising and Food services, were further separated into four independent units, namely: Franchising (group's brands and intellectual property); Food Services (comprising of production, warehousing, and distribution focused mainly on servicing the brands); Catering Services (consisting of the Trufruit Juice Company, Baltimore Ice Cream and Pouyoukas Foods); Retail Services (exclusively servicing the retail and hospitality industry).

This realignment was embarked upon not only to better focus on delivering the best value for the brands, but also to establish the independence of the Catering and Retail services, by reducing reliance on the group as a customer (Famous Brands, 2010). This could also be interpreted as diversification, as separate divisions were being created to focus externally, based on economies of scale and path dependencies emanating from the group's core business.

During 2005 the group made three acquisitions (Famous Brands, 2010).

- On 1 March 2005, 100% of Trufruit Company, a fruit juice manufacturing company, was acquired for R4,61 million
- On 1 April 2005, 100% of Baltimore Foods Limited, an ice-cream manufacturing business, was acquired for R13,9 million
- On 9 November 2005 all the Bimbos franchised agreements linked specifically to Engen Petroleum sites, were acquired for R4,75 million

These acquisitions, the re-alignment of the business model and the opening of 64 new restaurants across the network, contributed to sterling year end results for the year ended February 2006.

Gross revenue increased by 44% to R669,2 million (2005: 464,7 million), and profit increased by 17% from the previous years figure of R93,2 million (Famous Brands, 2010).

The year 2005 represented the year that the group realised the potential of the emerging black middle class, prompting the chairman at that stage, P. Halamadaris, in the 2006 Annual Report, to comment as follows, "The expansion of Famous Brands' target audience, and the sector as a whole, continues to present the group with new markets, illustrated most recently by the successful opening of several new restaurants in and on the fringes of traditional black residential areas" (Famous Brands, 2010).

2006

According to Famous Brands' (2010:01) presentation to investors, 2006 was the 'best year ever for new restaurant development', with 151 new outlets being opened across all the brands. This was mainly as a result of the conversion of the Engen's affiliated Bimbos outlets, acquired during the previous financial year, which had been converted to Steers outlets (Famous Brands, 2010). Another intervention that contributed significantly to the year end results was the conversion of the strategically placed transient Whistle Stop outlets at Shell Ultra City sites (Famous Brands, 2010). These were converted to Steers Diners - a new concept introduced in 2006 specifically for Shell Ultra City based sites.

To help fuel the performance of this 'new restaurant development' the Industrial Development Corporation of South Africa (IDC) committed a sum of R25,5 million as a loan facility to previously disadvantaged individuals (Famous Brands, 2010). This loan facility would be advanced to successful candidates for the establishment of Steers, Wimpy, Debonairs and Fishaways stores (Famous Brands, 2010). These loans were going to be administered by the IDC's PRO SME Job Scheme and ranged between R500 000 and R1,5 million (Famous Brands, 2010).

Because of the backward integration of the group's business model, trickle down effects were experienced by the Food Services division (comprising of production, warehousing, and distribution focused mainly on servicing the brands), because of the new stores that were opened.

The Franchising and Food services divisions both delivered quality results and was mentioned as such in the Annual Report (Famous Brands 2010). Group revenue increased by 30% to R872 million, R669 million the previous year and operating profit increased by 26% (Famous Brands, 2010).

The acquisition of 75% stake in the Wimpy United Kingdom also took place in 2006, the other 25% is owned by Halifax Bank of Scotland (Famous Brands, 2010). The deal amounted to UK £3 million, with a further £2 million to be re-invested back to re-energising the business (Famous Brands, 2010). Wimpy UK consists of 214 outlets spread across England, Wales, Scotland and Ireland and unlike the local company, does not have the manufacturing and delivering capacity, with all products supplied by third party vendors (Famous Brands, 2010). The long term goal of this acquisition is to use it as a platform to launch all the other brands in the UK (Famous Brands, 2010).

2007

In November 2007, Famous Brands concluded the final phase of acquiring all master licenses in South Africa, by the purchase of the Cape Franchising business (Euromonitor, 2007:01). In the early 1990's the group entered into a licensee model, under which master licensees were sought for the Eastern Cape, Western Cape and Kwazulu Natal regions for the Steers and Debonairs brands as well as the manufacturing and distribution of products (Euromonitor, 2007:01).

The group embarked on a buy back process of its master licenses in 1997 by buying back the Kwazulu Natal license, followed by the Eastern Cape in 2002 (Euromonitor, 2007:01). The acquisition of the Western Cape license set the group back R150 million and concluded the buyback process in South Africa (Euromonitor, 2007:01). The model is still operational in the rest of Africa, presenting further opportunities for growth for the group.

For the first time in its history the group exceeded the R 1 billion mark in revenue, representing a 36% growth (Famous Brands, 2010). Operating profit increased to R210 million, compared to R138 million reported the previous year (Famous Brands, 2010). The income statement took a slight knock, with Interest on Loan amounting R19 million versus the R6 million for the previous year (Famous Brands, 2010). This signalled a 68% increase and was as a result of the Wimpy UK acquisition (Famous Brands, 2010).

2008

The year 2008 was characterised by the deepening financial crisis that had spread throughout the world. Most analysts link the credit crisis to the sub-prime mortgage business, in which US banks gave high-risk loans to people with poor credit histories (BBC News, 2009:01).

Locally, some of the challenges included lower disposable income from higher interest rates, increases in food inflation, hikes in the price of fuel and raw materials (Famous Brands, 2010). It was against this backdrop that most South African companies traded in, including Famous Brands.

Year-end results for the group included a 30% increase in revenue in comparison to the previous year and the distribution to shareholders amounted to 66c, a 15% increase compared to the previous year (Famous Brands, 2010).

During that financial year Famous Brands concluded the integration of the manufacturing and transportation of all the Wimpy products (Famous Brands, 2010). Whereas previously local Wimpy outlets were still being supplied by third party vendors, the process of bringing this aspect of the business in-house was concluded (Famous Brands, 2010). Capital expenditure for the year amounted to R33 million, most of it being spent towards the upgrade of the delivery fleet and modernizing the plant in the manufacturing division (Famous Brands, 2010). The group managed to finance the 66c divided and the capital expenditure from R 277 million generated from operations (Famous Brands, 2010).

Another big expenditure that the cash generated from operations also helped to pay for was the increased Interest Paid on Loan, which had increased by 131% compared to the previous year (Famous Brands, 2010). This increase was as result of the purchasing of the Cape Franchising master license as well as a 51% stake in Tasha's (Famous Brands, 2010).

0n 2 July 2008, Famous Brands announced its acquisition of a 51% stake in Tasha's, an up-market casual-dining café consisting of two restaurants (Famous Brands, 2010). Hedderwick commented as follows after the acquisition "we are excited about this latest acquisition as it gives us access to the premium-end of the casual dining category which we currently have no representation in" (Famous Brands, 2010). He continued to state that the brand offered further franchise roll-out opportunities going forward (Famous Brands, 2010).

The group also concluded another strategic alliance with Shell Petroleum. An agreement was reached between Famous Brands and Shell for the rollout of the Brazilian Café concept in selected Shell sites (Famous Brands, 2010). This deal allowed the Brazilian Café concept to be extended into Shell's convenience bakery concept (Famous Brands, 2010).

2009

On 27 July 2009, Hedderwick commented as follows: "We have been interested in the Mugg & Bean business for a long time. We are confident of not only integrating it into our existing and unique business model, thereby extracting synergies and adding value as a consequence, but also rolling out the concept further across the South African and African landscape" (Famous Brands, 2010).

The above quote appeared in a press release announcing the acquisition of Mugg and Bean by Famous Brands. Mugg and Bean is a coffee themed restaurant franchise (Famous Brands, 2010). It provides coffee and associated hot beverages in addition to a great selection of food items, from various breakfast options to muffins and cakes for teatime (Famous Brands, 2010). Lunches and dinners are also catered for with a range of hot and cold foods (Famous Brands, 2010).

The Mugg & Bean brand was acquired for a sum of R104 million (Keyter Rech Investor Solutions, 2009:01). The acquisition resulted in the debt gearing for the group increasing to 56 % (Famous Brands, 2010).

Group revenue grew by 8%, despite the continued economic downturn that businesses were trading under (Famous Brands, 2010). Dividends to shareholders increased by 50% and a total dividend of 114c per share was declared for the financial year (Famous Brands, 2010).

During 2009 the group also announced that it had decided to withdraw from competing directly in the catering and hospitality sector (Famous Brands, 2010). This decision was based on the "high cost of entry and the over-reliance on price by this sector at the expense of quality, a growing trend amongst hoteliers and restaurateurs in a bid to improve their margins (Famous Brands, 2010).

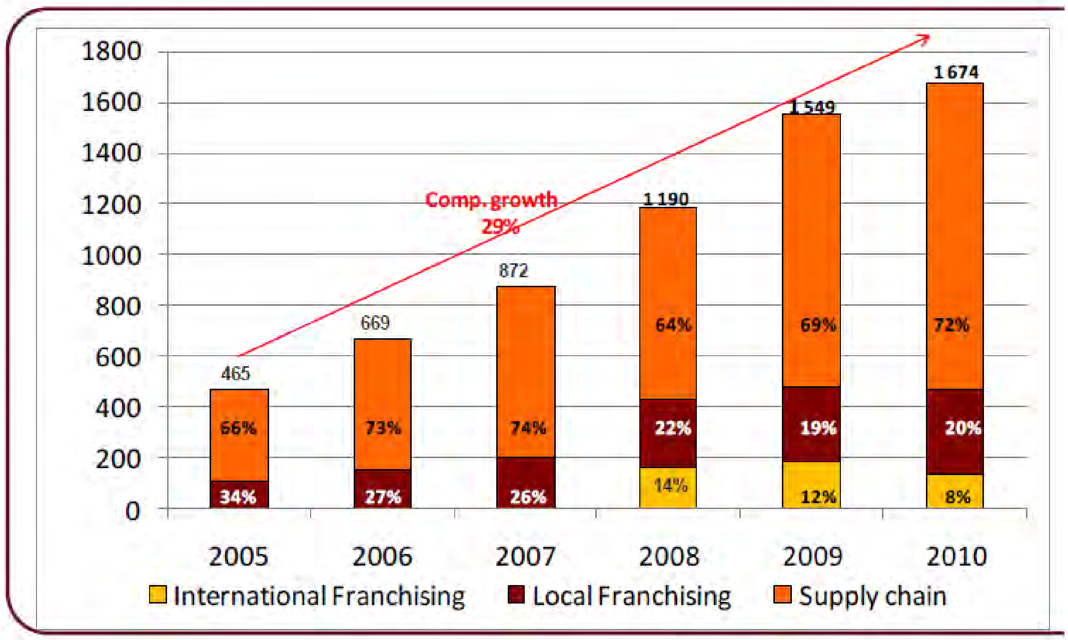

Figure 01: Revenue Growth (*Source: Famous Brands, 2010:01*)

Conclusion

In 2005 the group's franchised outlets across all the brands amounted to 1165 restaurants (Famous Brands, 2010). At the end of the 2009 financial year this number had grown to 1779 restaurants globally, a 52% increase (Famous Brands, 2010).

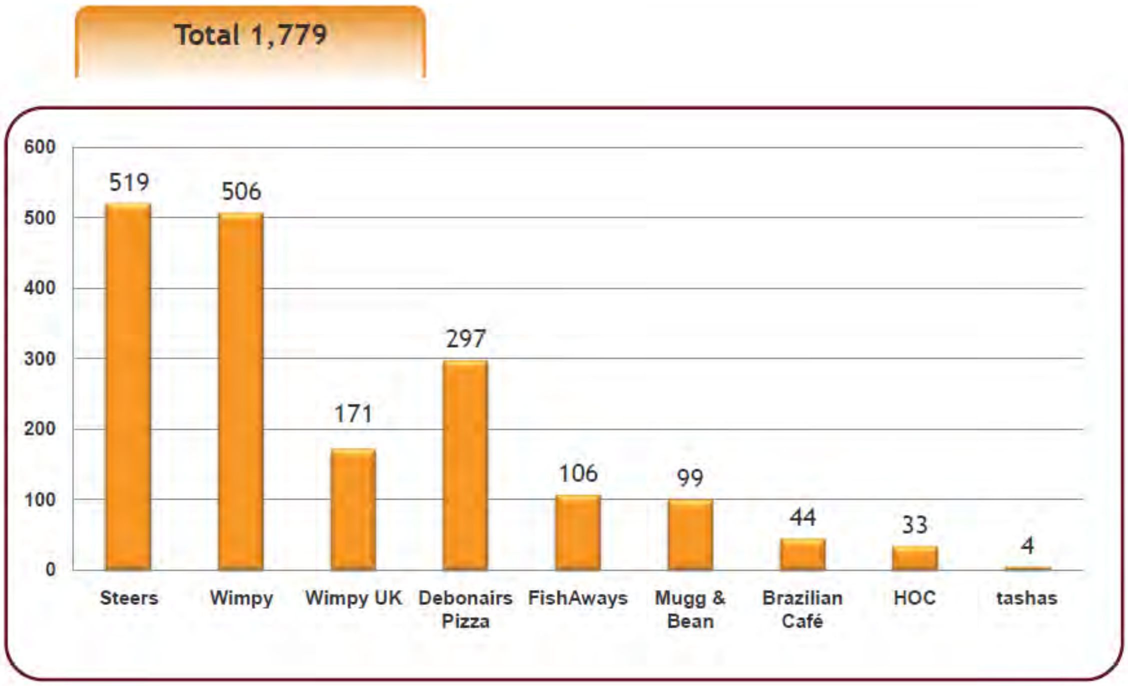

Figure 02: Global Footprint (*Source: Famous Brands, 2010:01*)

This growth in brands was achieved through the acquisition of other brands, conversion and the expansion of existing brands. As of 2009, the group's brand portfolio consisted of the following:

- **Steers – 519 Outlets**
- **Wimpy – 506 Outlets**
- **Wimpy UK – 171 Outlets**
- **Debonairs – 297 Outlets**
- **FishAways – 106 Outlets**
- **Mugg & Bean – 99 Outlets**
- **Brazilian Café – 44 Outlets**
- **House Of Coffees – 33 Outlets**
- **Tashas – 4 Outlets**

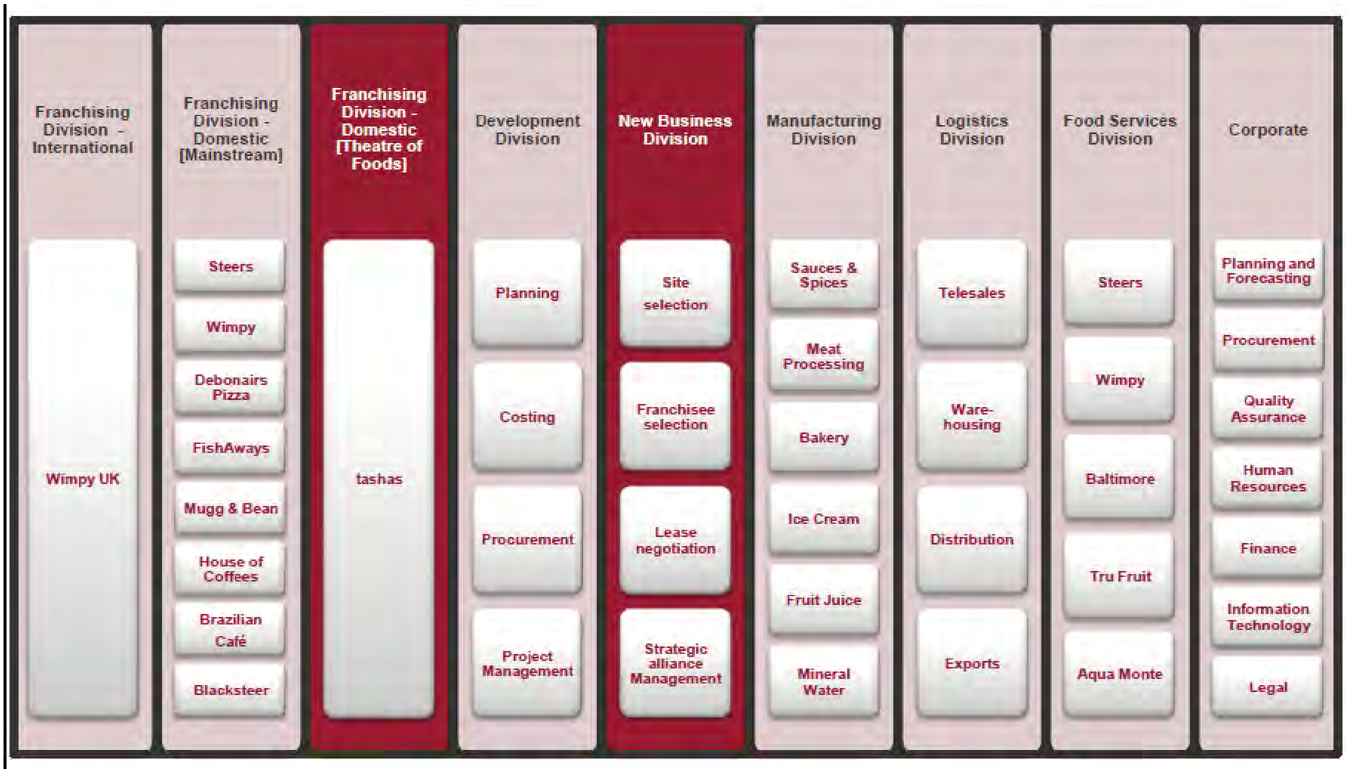

Figure 03: Famous Brands Business Model (*Source: Famous Brands, 2010:01*)

As a result of the backward integration model that is in place, the growth of the brands directly fuels the growth of the other divisions. These include (Famous Brands, 2010):

- **Development Division** - This division exists in order to provide a full turnkey service to all of the brands and their respective franchise partners. It provides a full bouquet of services which covers the drawing of plans, appointing of contractors and project management of all new restaurant openings, revamps and relocations
- **Manufacturing Division** - This division represents a key part of the Group's backward integration model, tasked with the manufacture of a range of licensed products and brands for use both by the franchise network as well as the greater food services and hospitality industry

- **Logistics Division** - This division represents the Group's route-to-market, delivering, to the franchise network, a complete basket of products required to deliver against brand specific menus but specifically excludes the distribution of carbonated soft drinks and fresh fruit and vegetables. This function represents a key strategic and competitive advantage to the Group in terms of its overall franchise system.

During the 5 years under review, revenue increased from R 669 178 (2005) to R 1 674 330 (2009) (Famous Brands, 2010:01). Total assets equalled R 527 588 in 2005 and in 2009 amounted to R 1 070 829 (Famous Brands, 2010:01). Shareholders benefited handsomely from their investment in Famous Brands, with the 2009 final dividend amounting to 114c, compared with 30c in 2005. This growth lead to Famous Brands being listed 10th in the Business Times' Top 100 companies (Business Times, 2008:02). The Business Times' Top 100 Companies Survey acknowledges those companies that have earned the most wealth for their shareholders (Business Times, 2008:02).

The group's share price, more than doubled (1240c in 2005 and 2560c in 2009) during this period and market capitalisation increased by 55% to 2560c (Famous Brands, 2010:01).

After the group was placed sixth in the Financial Mail Top Twenty companies in 2008, it was stated that "Kevin Hedderwick has used his extensive experience in brand management to position Famous Brands to survive the consumer downturn" (Financial Mail, 2008:01).

1.3 Key challenges that arose during this period

In 2001 an announcement was made that Kevin Hedderwick was to be the managing director for the Steers Brand (Famous Brands, 2010b:1). At that stage, the company was still known as Steers Holding Group. When the name change to Famous Brands came about in 2004, Kevin Hedderwick was named as Chief Operating Officer (COO) (Famous Brands, 2010b:1).

Hedderwick (2010) mentions that South African Breweries (SAB), which he has also worked for (and considers to be where he did his ‘MBA’), is a strong learning organization. SAB instilled in him the importance of processes and people in an organisation (Hedderwick, 2010). Higgins (2005, 171) describes business processes “as the systems and processes that enable an organization to get things done from day to day, such as strategic planning systems, information systems, capital budgeting systems, manufacturing processes, reward systems and processes, quality control systems and processes and performance measurement systems”. Staff or people, is considered to be the number and types of employees with what types of individual and group competencies the firm needs to meet its strategic purposes (Higgins, 2005). The leadership of any organisation needs to acknowledge the role of the people as one of the active resources necessary to activate and convert the other more passive resources into need-satisfying goods and services (Amos, 2006).

When Hedderwick (2010) first arrived at Famous Brands the business at that stage was very much a family affair, a minimal number of non-family members worked for the company then and it was a relatively ‘unsophisticated’ business.

Hedderwick (2010) identifies the lack of talented personnel and sound business processes as being major challenges at the company, when he first joined.

In January 2002 Famous brands entered into a master franchise agreement with Church’s Chicken to sub-franchise the development and operation of 100 Church's Chicken restaurants (ModernGhana, 2002). Church’s Chicken serve an American Southern-style fried chicken, sandwiches and side items including Honey-Butter biscuits, jalapeno peppers, coleslaw, chips and mashed potatoes (ModernGhana, 2010) .

This master franchise agreement allowed exclusive rights to Famous Brands to sub-franchise Church's Chicken restaurants in South Africa, Mozambique, Swaziland, Zambia, Tanzania, Ghana, Botswana, Mauritius, Namibia, Zimbabwe, Kenya, Uganda, Ivory Coast, Lesotho, Nigeria, Egypt, Morocco, Tunisia, and Cameroon (ModernGhana, 2010). This brand did not live long and the 11 outlets that had already been opened were converted into Steers outlets (Hedderwick, 2010). Famous Brands paid for the conversions for the affected franchisees (Hedderwick, 2010).

The failure of the Church's Chicken project is attributable to a lack of planning (Hedderwick, 2010). Hedderwick (2010), states that the excitement and enthusiasm clouded some of the fundamental planning considerations that should have been taken into consideration. The lessons learnt, from the demise of Church's Chicken is credited for the successful bidding and subsequent roll-out of the Wimpy brand (Hedderwick, 2010). Path-dependencies from the failed attempt were to be used to safeguard the successful acquisition of the Wimpy brand, which was a significant turning point for the company (Hedderwick, 2010).

Hedderwick (2010) mentioned that, although lessons were learnt from the first foray into the chicken industry, the decision was nevertheless a regrettable and a challenging one.

1.4 Some of the roles and functions of strategic leadership exercised

What follows next is a discussion of the roles and functions of strategic leadership exercised by Kevin Hedderwick in leading the growth of Famous Brands and dealing with the associated challenges.

The role of a strategic leader is defined as, setting the organizational direction to engender commitment, ensuring appropriate leadership at all management levels within the organisation to drive strategy, building and utilizing core competencies, creating organizational alignment which includes the task of building an organizational culture supportive of the strategy and finally leading change (Amos, 2006).

In the analysis of the strategic leadership functions and role exercised by Hedderwick at Famous Brands, the above definition will be used as a framework.

1.4.1 Set organizational direction

People play a crucial role in the implementation of strategy as they are the only active resource, so everything needs to be done to ensure that they buy into the strategy and are committed to behaving in a manner supportive of this strategy (Amos, 2006).

In responding to an interview question, Hedderwick (2010) mentioned that a clearly articulated vision is what he considers to be the most fundamental insight learnt as a leader. According to Hedderwick (2010), not only does a vision motivate people, but also provides them with a compass to the destination (Hedderwick, 2010).

As part of addressing the future viability of the business, Kevin introduced the articulation of the company's vision when he first joined Famous Brands (Hedderwick, 2010). Every four years the vision statement changes as the company moves on to its next challenge (Hedderwick, 2010).

To ensure that the vision doesn't remain just that, strategies directly linked to the attainment of that vision are developed and a trace of them is found in each and every Famous Brand employee's scorecard (Hedderwick, 2010). The scorecard forms the basis of the company's performance management system (Hedderwick, 2010).

To further entrench a particular vision to the company's employees, Hedderwick (2010) personally presents them to gatherings of employees at the main office in Midrand and the regional offices in Durban, Port Elizabeth and Cape Town.

The current Famous Brands vision is "To embark on a journey that will double the size of our business by 2013". This vision was formulated in 2010 and already plans are afoot to achieve it by 2013. Since the new vision was announced, Famous Brands, in an effort to realise the vision and ensure that it does not just remain rhetoric, has acquired three new brands (Famous Brands, 2010). These brands are:

- Giramundo - a peri peri flame grilled chicken offering. The transaction was effective on 1 August 2010.
- Keg and Macginty's - Keg is a franchised pub and restaurant brand, while McGinty's is a franchised pub brand. The transaction was effective on 1 September 2010.
- Vovo Telo - an artisan bakery and café offering. The transaction was effective on 1 October 2010.

1.4.2 Driving the strategy and staffing the organization.

In implementing strategy, top-level executives need to ensure not only that they lead the process, but also that appropriate leadership exists throughout the organisation at the various management levels (Amos, 2006). The right people with the right skills need to be available at the right time to work actively towards executing the strategy (Amos, 2010). The leaders within the organisation need to be able to understand and translate the strategy into performance measures (Amos, 2006).

Hedderwick (2010) states that no one person has all the required answers and "that is why as a leader you need to surround yourself with as many talented people as you can assemble and not be threatened by them". He further suggests that an environment conducive to the display of their entrepreneurial spirit needs to be created (Hedderwick, 2010).

To help channel and harness the entrepreneurial spirit for the achievement of a particular strategy, processes as well as people are put in place to further help propel the business (Hedderwick 2010). Hedderwick (2010) admits that initially, when the business was still very much family-owned and run, most of the personnel needed to be brought in from outside the company.

As a long-term strategy to ensure the availability of talented individuals internally, the company introduced the annual ‘Managers Challenge’, where potential leaders within the business are identified and sent on a one week long workshop where their latent leadership qualities are further developed (Hedderwick, 2010). Upon their return they are given a project which they need to complete within a specific time period, related to the improvement of business’ processes (Hedderwick, 2010). Graduates of the Managers Challenge course have gone on to hold influential roles within the business, with some leading business units within Famous Brands.

1.4.3 Build and utilise core competencies

There is a need to know what the organisation is good at and to develop and utilize this competency to create competitive advantage (Amos, 2006). Core competencies are capabilities that are valuable in allowing the organization to exploit opportunities and counteract threats, costly for others to imitate and non-substitutable in that there is no equivalent (Hitt, Ireland and Hoskinsson, 2005), thereby creating a competitive advantage for the company.

In Annual Report of 2009, the group announced that it had decided to withdraw from competing directly in the catering and hospitality sector. This decision was based on the “high cost of entry and the over-reliance on price by this sector at the expense of quality, a growing trend amongst hoteliers and restaurateurs in a bid to improve margins (Famous Brands, 2010).

According to Hedderwick (2010), the move away from focusing directly in catering and hospitality was a deliberate strategy aimed at expanding the Group's competitive landscape while staying true to the group's core competencies of franchising and food services.

He mentions that this move away was made so as to take advantage of these competencies by shifting focus to an industry where these competencies would be better suited (Hedderwick, 2010). To diversify away from the Quick Service Restaurant (QSR) and Casual Dining markets, the company has, with the purchase of the KEG and McGinty's business, entered into what he terms the leisure industry (Hedderwick, 2010).

1.4.4 Creating organisational alignment

Organisations consist of a variety of different interacting components. For the successful execution of strategy it is important for these interacting components to be aligned with the strategy and interacting as a whole (Amos, 2006). The formal organisation arrangements such as structure, functional strategies, policies and regulations need to be aligned with the strategy to facilitate the execution of strategy (Amos, 2006).

Different strategies require different kinds of structures, systems, style, staffing, resources and shared values to make them work (Higgins, 2005). If there is not a good match among these factors, performance suffers (Higgins, 2005)

In 2005, a decision was taken to realign the company's business model (Famous Brands 2010:01). The existing major divisions, Franchising and Food services, were further separated into four independent units, namely: Franchising (group's brands and intellectual property); Food Services (comprising of production, warehousing, and distribution focused mainly on servicing the brands); Catering Services (consisting of the Trufruit Juice Company, Baltimore Ice Cream and Pouyoukas Foods); Retail Services (exclusively servicing the retail and hospitality industry).

This realignment was embarked upon not only to better focus on delivering the best value for the brands, but also to establish the independence of the Catering and Retail services, reducing reliance on the group as a customer (Famous Brands, 2010). This could also be interpreted as diversification, as separate divisions were being created to focus externally based on economies of scale and path dependencies emanating from the group's core business. Ultimately this realignment best served the group's strategic intent of "….focused on growth and development of best in class franchised leisure brands, supported by a business model which maximises stakeholder value creation…" (Famous Brands, 2010).

1.4.5 Organisational culture and values

The culture, climate and values of the organisation need to be aligned to and supportive of the strategy. The leadership of the organisation also need to be aware of their values and ensure alignment with the organisational values (Amos, 2006)

To ensure that the vision doesn't remain just that, strategies directly linked to the attainment of that vision are developed and a trace of them is found in each and every Famous Brand employee's scorecard (Hedderwick, 2010). The scorecard forms the basis of the company's performance management system (Hedderwick, 2010).

Dreher and Dougherty (2002) mention that performance management systems should play three major strategic roles: the first and foremost is developmental in nature, allowing organizations to identify deficiencies in employee performance and rectifying through performance; secondly they play an evaluative function, and thirdly they allow organisations to validate the efficacy of other practices in the organisation such as selection.

Performance management tools can either be outcomes – or process based (Venter, 2006). According to Venter (2006) an outcome based system focuses specifically on the deliverables and is based on objective, verifiable results, while a process-based system relies on the work that is performed. The scorecard used at Famous Brands, although it has elements of both the outcomes and process appraisal tools, remains largely outcomes based.

This type of appraisal tool is possibly one of the reasons why Famous Brands could be considered as a company with a high performance culture. Hedderwick (2010) regards SAB as company which he learnt a lot from during his time with them and their high performance culture clearly made a great impression on him.

Asked about the qualities of the people that have made a huge impression on his business outlook, Hedderwick (2010) mentions how one of his role models and mentors was fanatical about attention to detail and had personal pride in the work that he produced, qualities he puts into practice himself and has come to expect of his employees.

1.4.6 Leadership and management of change

Organisations evolve and need to adapt to their environment and this requires change within the organisations (Amos, 2006). The effective initiation and management of change can determine whether or not the change initiative will be successful (Amos, 2006).

Hedderwick (2010) recalls when he first started at Famous Brands, the share price was 0.85c and the market capitalisation was at R 60 million. He mentions that the Halamdaris family ran the business and it was very much a family business (Hedderwick, 2010). Ways to further grow the business had to be found and that is when he came up with a growth strategy through acquisitions (Hedderwick, 2010).

He sees his most significant role at Famous Brands as being able to convince the family of this strategy and succeeding in making it work (Hedderwick, 2010). The share price currently hovers around 3550c and the market capitalization is around R3.3 bn (Famous Brands, 2010).

Under Hedderwick's leadership, Famous Brands has gone through more than 15 acquisitions and joint ventures in his nine years at the helm. These include the acquisition of the Wimpy brand, Bimbos acquisition and conversion to Steers, the buy back of the Cape Franchising business, the Mugg & Bean business and others. With the exception of the Church's Chicken brand, all the acquisitions and mergers continue to contribute positively to the group's bottom line.

He has also led and managed the upgrading of the different manufacturing plants within the organisation. The growth strategy, through acquisitions and mergers, has obviously required not only fundamental changes to the business, but also leadership in managing that change. In his capacity as COO and now recently CEO, Hedderwick has been at the forefront of every acquisition and merger.

1.5 Summary of case study

When Hedderwick was first appointed as COO he immediately took charge, conveyed his vision to his team, got the team members into action and ensured that the agreed goals were achieved. He realised that he could not bring about the changes required on his own, but with the help of talented individuals. To ensure that there was a constant supply of talent within the organisation, he introduced and supported the "Managers Challenge" initiative.

The effective leadership traits he displayed bear a strong resemblance to those exalted by many scholars. The major setback experienced early on in his life, the passing of his mother when he was 17, has proved to be a major driving force as he feels that he has to live up to his mother's great expectation of him (Hedderwick, 2010).

Under his leadership, Famous Brands share price has moved from 0.85c to around 3550c and the market capitalisation to R3.3 bn from R 60 million in less than 10 years. Famous Brands through their different brands, has currently got 1823 franchised from 1165 in 2005.

Whilst being faced with the challenges of a global recession he managed to lead Famous Brands to deliver year-end results where a 30% increase in revenue in comparison to the previous year was achieved and the distribution to shareholders amounted to 66c, a 15% increase compared to the previous year (Famous Brands, 2010).

1.6 Recommendations

In as much as roles and functions of strategic leadership have been outlined in this study and elsewhere, the situation in which leaders find themselves in usually dictate what course of action needs to be taken. Therefore the situational aspect of leadership as opposed to the deliberate aspect, also need to be acknowledged. Often it is during the testing times that leadership qualities are revealed and sometimes from unlikely sources.

Hedderwick (2010) mentioned that when the opportunity presented itself for the group to enter into the chicken industry with the Church's Chicken brand, the excitement and enthusiasm clouded some of the fundamental planning considerations that should have been taken into consideration. Therefore opportunities that might at first seem attractive, still need to be investigated properly and thoroughly before commitment is made.

Interpretations and recommendations for the researched company would not be transferable to all leaders or to all organizations, as it is dependent on the respective firm's quality of leadership, and on the context of the industries within which the external firms may be conducting their business. Applicability would have to be determined by the reader.

In terms of further research, it would be interesting to investigate the sustainability of the growth strategy through acquisitions and mergers. What would be of further interest would be the type of leadership necessary to lead the expansion of Famous Brands into the rest of Africa, beyond the master licensee agreements currently in place.

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CHAPTER 02
LITERATURE REVIEW

2.1 Introduction

The main purpose of this review is to convey the knowledge and ideas that have been established mainly in the topic of strategic leadership. In the review of the strategic leadership topic, auxiliary topics, pertinent to the main topic have also been assessed.

In this chapter, a review of literature is presented that relates to the phenomena of leadership; leadership styles; strategic leadership; capabilities of effective strategic leadership; tasks and roles associated with effective strategic leadership; and the influence of strategic leadership on organizational performance.

The key purpose of leadership is to provide direction, facilitate change and achieve results through the efficient, creative and responsible use of resources (Armstrong, 2009). The exercise of the above mentioned rests largely with senior executives in an organisation and is imperative for the present and future viability of an organisation. As a way to introduce the concept of strategic leadership, leadership in general will first be discussed.

2.2 Leadership

Armstrong (2009:04) states that leadership is the process of getting people to do their best to achieve a desired result. This process involves developing and communicating a vision for the future, motivating people and gaining their engagement (Armstrong, 2009:04). Dixon (1994:56) in his description of leadership emphasizes the influence component of leadership when he states "leadership is no more than exercising such an influence on others that they tend to act in concert towards the achievement of a goal that they might not have achieved so readily had they been left on their own devices". The common characteristic of leadership descriptions seems to be the ability for the leader to inspire and stimulate others to achieve worthwhile goals (Dubrin, 2001:02).

There is plethora of descriptions of what leadership is, however Charlton (1993) argues that one of the most difficult challenges facing any person in a leadership position is translating intention into action and then sustaining it.

2.3 Significance of leadership

Goleman (2000) in a study conducted by the consulting firm Hay Mcber, found that leadership had a direct impact on organisational climate, and that climate in turn accounted for nearly one third of the financial results of organisations. The conclusion from research conducted by Northhouse (2006) into 167 firms, across 13 industries established that over a 20 year period, leadership accounted for more variations in performance than any other variable.

Charlton (1993) indicates that there is a great need to understand leadership in the current business climate of uncertainty and ambiguity, which demands new and innovating paradigms of looking at the world.

2.4 Strategic Leadership Theory

2.4.1 Initial Stages

Strategic leadership theory arose out of the need to negate a notion prevalent in the 1960's and 1970's. Popular belief back then stressed that the influence of the situation determined managerial behaviours and therefore organisation outcomes (Cannella &

Munroe, 1997:219). Organisational performance was seen as a reaction to the prevailing external conditions rather than a function of management decisions. This view was very deterministic in nature and showed its weakness by ignoring the basic attribute of human beings, free will.

Child (1972), amongst others, differed with this notion, by arguing that the strategic decisions exercised by top management in a firm, played a major role in how that company faired in comparison with others. It was not until 1984, that Child's (1972) rebuttal gained popular acceptance. Hambrick and Mason (1984) argued, through the upper echelons theory, that organisational outcomes are reflections of top managers' values and beliefs rather than external forces (Hambrick & Mason, 1984:37).

Strategic leadership theory therefore is based largely on some of the findings central to the upper echelons theory as suggested by Hambrick and Mason (1984). Although it acknowledges that strategies can emerge from the workforce, the perspective holds that top managers are in the unique position to have the most impact on the organisation's strategy (Finkelstein & Hambrick, 1996:45).

2.4.2 Expansion of theory

Unlike Child's (1972) strategic choice however, strategic leadership theory further postulates that the psychological make-up of the top manager is important in understanding and explaining his/her strategic choices. It puts emphasis on the variability of top managers' psychological constructs and how these influence managers in processing information for strategic choice (Cannella & Munroe, 1997:219). At the most fundamental level, strategic leadership theory contends that top managers' values, cognitions and personalities affect their field of vision, their perception of information and therefore the interpretation of that information (Finkelstein & Hambrick, 1996: 12).

It is this accommodation of many psychological constructs that differ across individuals, which makes it more preferred to the positive agency theory (Cannella & Munroe, 1997:219). According to Jensen and Meckling (1976: 87), positive agency theory focuses on the relationship between principals (shareholders) and agents (top managers). It posits that, “shareholders represent the only interests that managers should be concerned with” (Jensen & Meckling, 1976: 87). Agency theory treats psychological constructs as uniform across all managers and shareholders, and attributes everything to wealth diversification as opposed to psychological constructs (Cannella & Munroe, 1997:220).

Another tenet that is central to strategic leadership theory is that “executives need discretion, or latitude of action, in order to serve effectively as top managers” (Cannella & Munroe, 1997:220). This implies an unwavering trust and show of confidence needs to be afforded to top managers by their principals, the shareholders. Discretion incorporates the presence of environmental constraints like regulation, differences in the cost of labour, capital and internal political conditions (Finkelstein & Hambrick, 1996:23)

Hambrick and Fukutomi (1991:78) divide CEO’s tenure into five sequential ‘seasons’, namely: response to mandate, experimentation, selection of an enduring theme, convergence and dysfunction. According to the five seasons model, the executive’s psychological orientation first diverges, then gradually converges with increasing tenure. Initially in the executive’s tenure, she/he is receiving information from many sources and that information is relatively unfiltered. When this process is coupled with task interest, increasing knowledge and power, the executive is driven to experiment. Later on in her/his tenure, the executive is more committed to a single worldview and has both the task knowledge and power to enforce that view.

While this single worldview may yield positive result for a period of time, at some point it will become dysfunctional and the executive will become a liability (Miller, 1991:23). This implies that executives need to constantly adapt to the ever changing external environment. Empirical evidence supports the view that increasing executive tenure eventually inhibits strategic change (Gabarro, 1987: 12) and therefore organizational performance.

2.5 Strategic leadership defined

Rowe (2001:1) in his description of strategic leadership states that it "is the ability to influence others to voluntarily make day-to-day decisions that enhance the long term viability of the organization, while at the same time maintaining its short term viability". He goes on to describe the role of strategic leaders as the formulation and implementation of strategies for immediate impact, while at the same time ensuring the attainment of long term strategic goals to enhance the growth of the organization (Rowe 2001:87)

In critiquing strategic leadership theory, Finkelstein and Hambrick (1996:97), mention that little work has been done to integrate social interactions and inspirational aspects of leadership between top managers and followers. Indeed if leaders are to influence others voluntarily, as Rowe (2001) states, a certain amount of interaction needs to take place between top managers and their subordinates. Cannella and Munroe (1997:223), suggest that to overcome this short-coming, *charisma* and its attendant personality characteristics need to be added to strategic leadership theory to adequately predict implemented strategic choices. They imply that charisma should be the vehicle with which the influence of others should be carried out in.

Charisma has its etymology from the bible (Nur, 1998:19). In *The Theory of Social and Economic Organisation* (1947: 09), Max Weber wrote 'the term charisma will be applied to a certain quality of an individual personality by virtue of which he is set apart from ordinary men and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities". This reference to transcendence has divided researchers on the viability of charisma being incorporated to apply to today's modern work environment. Nur (1998) argues that, divorced of its divine connotations, it becomes little more than charm (1998:25).

House (1977:43) stripped charisma of its transcendental connotations. He succeeded in demystifying the term, completely divorcing it of its mystical meaning and reduced it to its traits and behavioural manifestations and the effects it had on followers: trust in the leader's belief, unquestioned acceptance of the leader and the feeling that they will be able to contribute to the accomplishment of the mission (House, 1977:45).

It is therefore this demystification that strengthens the case for *charisma* as suggested by Cannella and Munroe, it may be that charisma deserves its place in strategic leadership theory, especially as Cannella and Munroe (1997:223) states, that it affects the implementation of strategic decisions that top managers make, based on their capabilities and not the initial strategies themselves (1997:223).

2.6 Capabilities of strategic leadership

Armstrong (2009:58), states that to lead strategically, strategic capability is required. He defines this capability as the capacity to create an achievable vision for the future, foresee longer-term developments, to envisage options (and their probable consequences), to select sound courses of action, to rise above the day-to-day detail, to see the big picture and to challenge the status quo (Armstrong, 2009:58).

According to Amos (2006:356), in addition to them having strategic capability, strategic leaders need to be emotionally intelligent, need to a have a range of behaviours at their disposal and the wisdom to apply the right combination of behaviours at the right time and to be able to apply both transactional and transformational leadership. The capabilities of strategic leadership mentioned above will be discussed in further detail.

2.6.1 Strategic Thinking

According to Mintzberg (1987) strategy is a systematic process: first we think, then we act: we formulate, then we implement. But we also ‘act in order to think’ (Mintzberg, 1987). In practice, a realised strategy can emerge in response to an evolving situation and the strategic planner is often a pattern organizer, who managers a process in which strategies and visions can emerge as well as be deliberately conceived (Armstrong, 2009).

In order to engage successfully in this systematic process, the strategic leader needs absorptive capacity, adaptive capacity and managerial wisdom (Boal and Hooijberg, 2000). Absorptive capacity is the capacity to learn, the ability to recognise new information, assimilate it and apply it towards new ends, challenging and even restructuring mental models used to make sense of the world (Boal and Hooijberg, 2000:517). Adaptive capacity is the ability to be open to and accept change while managerial wisdom is about being able to perceive disparity in the environment, understand the stakeholders and their relationships and taking appropriate action at the right time (Boal and Hooijberg, 2000).

Strategic leaders need to utilise mental models in order to make sense of the world. These models are often a reflection of our beliefs, guide our senses, provide an interpretive filter of the importance of issues and the cause and effect relationships between them and direct behaviour (De Wit and Meyer, 2004).

Therefore in order ensure that strategic lenses through which leaders make sense of the world are constantly updated, they need to constantly go through a process of self change (Boyatzis, 1982).

Engaging in such a process could assist strategic leaders to develop their understanding of how the world works and assist them in understanding and diagnosing the organisational issues requiring attention for the successful implementation of strategy.

2.6.2 Emotional Intelligence

Different situations call for different leadership styles in order for the ideal behaviour to be elicited from people. Emotional intelligence has been identified as the tool often used to identify which leadership style would be best effective in a particular situation (Goleman, 1998:93).

Research studies have confirmed that emotional intelligence not only distinguishes outstanding leaders, but can also be attributed to strong performance (Goleman, 1998:93). Goleman identifies five components of emotional intelligence:

- Self-awareness – the ability to recognise and understand your moods, emotions and drives, as well as their effect on others
- Self-regulation – the ability to control or redirect disruptive impulses and moods. This also includes the ability to suspend judgment – thinking before acting.
- Motivation – a passion to work for reasons that go beyond money or status, pursuing goals with energy and persistence
- Empathy – the ability to understand the emotional make-up of other people. Having the skill to treat people according to their emotional reactions
- Social skill – proficiency in managing relationships and building networks

Goleman (1998:95) goes on to identify hallmarks that the above components elicit and these include a self-deprecating sense of humour, openness to change, optimism even in the face of failure, cross-cultural sensitivity, expertise in building and retaining talent and effectiveness in leading change.

Effective strategic leadership also requires the leader to have a range of behaviours and the wisdom to select the right behaviour for the situation (Amos, 2006:361). Emotional intelligence assists leaders in achieving desired results by employing the right type of leadership style for any business situation, in essence demonstrating what Boal and Hooijberg (2001) term behavioural complexity (Amos, 2006:361).

2.6.3 Transactional leadership and Transformational

The ability to use a full range of leadership behaviours separates effective from ineffective leaders (Barbuto & Brown, 2000:1). To describe the effectiveness of leadership styles adopted by leaders, Barbuto and Brown (2000) developed the Full Range Leadership Model. This model includes both transactional and transformational leadership.

Transactional behaviours include *laissez-faire*, *management by exception* and *contingent rewards* (Barbuto & Brown, 2000:1). Transformational behaviours include *individualized consideration, intellectual stimulation, inspirational motivation* and *idealised influence* (Barbuto & Brown, 2000:1). The elements on transformational behaviours are referred to as the 4I's. A description of the elements of Full-range leadership now follows as suggested by Barbuto and Brown (2000:02).

2.6.3.1 Transactional Behaviours

2.6.3.1.1 Contingent Reward

Leaders encourage the performance of their subordinates by rewarding them. This reward is contingent or appropriate according to performance level. Leaders first need to understand precisely what their goals are and then define and communicate to followers the work that must be done to achieve these goals. Thereafter, followers are rewarded according to the extent to which work is completed successfully.

2.6.3.1.2 Management by Exception

Employees are motivated and directed to achieve expected standards of performance. Leaders who search for potential deviations from rules and standards and take corrective action can be seen as actively managing by exception. Passive management by exception refers to leaders' only taking action once standards are not met.

2.6.3.1.3 Laissez-faire

The leader abdicates responsibility and avoids making decisions. Such a leader is indifferent to the progress and or development of an individual follower, and thus distances herself from and does not interfere with the efforts of a follower. A Laissez-faire leader is described as a passive leader who waits for followers to report on deviations from standards, and does not actively monitor the performance of followers.

2.6.3.2 Transformational Behaviours

2.6.3.2.1 Individualized Consideration

The leaders consider employees as individuals and devote personal attention to them. This then assists followers to rise to higher levels of achievement.

2.6.3.2.2 Intellectual Stimulation

This involves the encouragement of critical thinking, creativity and an analysis of new perspectives. Such a leader also allows the follower to think for him/herself, and to solve problems in unique ways.

2.6.3.2.3 Inspirational Motivation

This involves inspiring followers through goal-setting, visionary behaviour and role modeling by other inspirational leaders. This rouses followers towards a sense of purpose and meaning. Such a leader creates vision and commitment.

2.6.3.2.4 Idealised Influence

This means showing respect for others and building their confidence and trust in the overall mission. This creates a sense of enthusiasm in individuals and allows them to work actively together towards a goal.

Laissez-Faire (LF) is the most inactive of the behaviours. Management-by-exception (MBE) is more effective than Laissez-Faire, but generally ineffective leadership.

According to Barbuto and Brown, MBE is often related to high staff turnover, poor job satisfaction and absenteeism (2000:02). Although Contingent rewards (CI), can be an effective style of leadership, employers will not get more than they bargain for.

Barbuto and Brown (2000:02) maintain that it is only with the elements of transformational leadership that employees can be expected to transcend their own self-interest for the sake of the organization. It is with the implementation of individualized consideration (IC), intellectual stimulation (IS), inspirational motivation (IM) and idealized influence (II), that high productivity and morale, high satisfaction, lower staff turnover, lower absenteeism and greater organizational adaptability to changes in the environment, will be achieved.

2.7 The role of effective strategic leadership

This section focuses on the tasks that strategic leaders need to successfully demonstrate in order ensure the long term viability of the business, while at the same time maintaining its short-term financial stability (Rowe, 2001:81).

Amos (2006) defines the role of a strategic leader as, setting the organizational direction to engender commitment, ensuring appropriate leadership at all management levels within the organisation to drive strategy, building and utilising core competencies, creating organisational alignment which includes the task of building an organisational culture supportive of the strategy and finally leading change.

A more in depth discussion of the above roles now follows.

2.7.1 Set organisational direction

According to Pretorius (2001) in the execution of strategy, the first vital step is for the strategic leader to take the strategy and translate it into a vision that sets the direction which everyone can buy into. Nutt and Backoff (1997) identify four criteria that can be used to guide the crafting of a vision, namely possibility (offering an innovative and energetic image of the future), desirability (alignment of the vision with organization values and culture), action-ability (indicating the role of organisational members and what they can do to accomplish the vision) and articulation (ensuring clarity and using powerful imagery to create a picture in the minds of organisational members as to what is wanted).

A good vision consists of two major components, core ideology and envisioned future (Collins and Porras, 1996). Core ideology is made up of core values and core purpose and it is core ideology that provides the glue that holds an organisation together as it grows, decentralises, diversifies, expands globally and develops workplace diversity (Collins and Porras, 1996).

Core values are a small set of enduring principles that guide and influence employees' behaviour (Staude, 2006). These values are divisible into two categories, namely ethical and moral on the one hand, and business performance-related on the other (Staude, 2006). The former represent values comprising good, wholesome and human behaviour; the later representing values comprising good business practice (Staude, 2006).

For Ghoshal and Bartlett (1995:305), strategies have the ability to engender strong, enduring emotional attachments only when they are imbedded in a broader organisational purpose.

It is imperative for the core purpose, an understanding of why the organization exists, to be the clearly defined and understood (Staude, 2006). This is necessary in order to: minimise the risk of their contracting paradigm analysis, whereby they start believing that the way they do things is the only way to do them; to predispose them to new opportunities emanating from the underlying needs and wants of their customers; and ensure that they stay focused on and respond to, trends and developments in their relevant environment (Staude, 2006).

The second major component of a good vision is envisioned future, which consists of big, hairy, audacious goals (BHAG) as well as a vivid description of what it will be like to achieve the BHAG (Collins and Porras, 1996). The BHAG serves as a unifying focus of effort and acts as a catalyst for team spirit and as such, it needs to be clear and persuasive, requiring little to no explanation so that it can be easily grasped (Collins and Porras, 1996).

Having set the organisational direction, it is up to strategic leaders to drive the strategy.

2.7.2 Driving the strategy

Top management is ultimately responsible for ensuring the successful implementation of the organisations strategy, but if organizations are to be successful, there needs to be people throughout the organisation exercising leadership (Amos, 2006:370).

According to Armstrong (2009:27) middle managers form the essential link between top managers, who are concerned with broad strategic issues and the overall direction of the organisation, and the employees who carry out the detailed work. Therefore middle managers need to accept, interpret and translate the vision into objectives, actions and processes at their local level to move the organisation as a whole in their desired direction and achieve strategic goals.

One of the tools suggested to achieve the strategic goals of the organisation is the balanced scorecard. The balanced scorecard provides executives with a comprehensive framework that can translate a company’s vision and strategy into a coherent and linked set of performance measures (Kaplan and Norton, 1996). The measures on a balanced scorecard are used to articulate the strategy of the business, to communicate the strategy of the business and to help align individual, organisational and cross departmental initiatives to achieve a common goal (Kaplan and Norton, 1996).

Amos (2006) states that, just as top level managers need to be able to influence others, so too must managers within the organisation at the various levels. They too need to develop their emotional intelligence and be able to employ the right type of leadership style for the situation, congruent with the prevailing value system and be able to demonstrate transformational leadership (Amos, 2006:371).

2.7.3 Staff the organisation and manage social capital

The efficient management of a company's resources is one of the important drivers of a firm's performance (Michalsin *et al.,* 2001:360). Resources are defined as all assets, capabilities, organisational processes, firm attributes, information and knowledge controlled by a company, which enables the company to conceive of and execute strategies successfully (Barney, 1991:101).

Barney (1991:101) states that resources can be categorised as physical capital resources, human capital resources and social capital resources. Physical capital resources include all physical technologies as well as property, plant and equipment (Barney, 1991:101). Human capital resources include know-how, insight, judgment and experience of employees (Barney, 1991:101). Adler & Kwon (2002:214) describe social capital as the goodwill and resources made available to an actor via reciprocal and trusting relationships.

Hitt & Ireland (2002: 23) state that human capital and social capital are two of the most important resources available to strategic leaders. As a resource, human capital represents the knowledge, skills and capabilities of individuals (Coleman, 1988:43). Hitt *et al.* (2002) in a study found that companies with greater investment in and utilisation of human capital experience higher levels of performance. What the findings of the study highlight, is the importance of knowledge. According to Grant (1996:65) knowledge is the most critical competitive asset a company can have and that it is vital for a company's superior economic performance.

Therefore in implementing strategy, the strategic leader needs to ensure the availability of the right number of people with the right skills as well as the processes to ensure that people display the behavioural imperatives of the particular strategy. Leaders need to work with and through the human resources of an organisation in implementing strategy and ensuring the continued survival and success of the organisation (Amos, 2006:359)

2.7.3.1 Social Capital

According to Bourdieu (1986:2) social capital is "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition". What this suggests is that goodwill among individuals in an organisation can be valuable for a firm. Therefore, social capital can be viewed as the relationships between individuals and organisations that facilitate action and create value (Adler and Kwon, 2002:92).

Nahapiet and Ghoshal (1998: 76) propose that four dynamic factors influence the development of social capital: stability (i.e. time), interaction, interdependence, and closure. Stability is critical because social capital is a reflection of the accumulation of goodwill over time (Bourdieu, 1986:77). A high level of stability allows for continuity in social structures, which in turn increases the clarity and visibility of mutual obligations (Mitsztal, 1996:14), as well as the development of trust and cooperation.

Social capital erodes when people in the network become more independent of one another, therefore to develop and protect social capital an increased level of mutual interdependence between members is vital (Coleman, 1990:12). In addition, increased interactions between members assist in the development and maintenance of mutual obligations in a social network (Bourdieu, 1986:82).

Closure is the extent to which members' contact is interconnected (Adler and Kwon, 2002: 90). Coleman (1988:87) describes closure as the existence of a sufficient level of ties between members such that the adherence to norms is highly likely. Closure ensures that the possibility of opportunistic behaviour within a social group is minimised and that there are accompanying threats of group sanctions against violators (Portes, 1998:06).

Hitt *et al* (2003a:21) suggest that strategic leaders must be concerned with social capital within their units and organization as well as with social capital residing outside their firm in other settings. These concepts are referred to as internal social capital and external social capital (Hitt, Keats & Yucel, 2003b:11).

Internal social capital is the relationships between strategic leaders and those whom they lead as well as relationships across all the business units in an organisation (Hitt & Ireland, 2002:232). According to Cross et al. (2002:77) effectively designed and integrated relationships enable members to collaborate in ways that contribute to creating and using competitive advantages.

Hitt & Ireland (2002:66) describe external social capital as "relationships between strategic leaders and those outside the organisation with whom they interact to further the firm's interest". According to Gulati and Singh (1998) increasing competition amongst firms has caused relationships with parties outside the organisation to become important for all types of firms – large and small, new and established.

These relationships provide the firm with access to information, knowledge, technology, new markets and capabilities that can help a firm achieve and maintain a competitive advantage (Hitt, Ireland, Camp & Sexton, 2002:81).

2.7.4 Build and utilize core competencies

The execution of strategy requires that those responsible for implementation, mobilise the necessary resources to get the job done and identify, cultivate and exploit the core competencies of the organisation to execute the strategy successfully (Hamel and Prahalad, 1990). Core competencies are capabilities that are valuable in allowing the organisation to exploit opportunities and counteract threats, rare in that they are not possessed by many others, costly for others to imitate and non-substitutable in that there is no equivalent and therefore serve as a source of competitive advantage (Hitt, Ireland and Hoskisson, 2005).

The identification, development and use of a company's core competency as a basis for competitive advantage, rests with the strategic leader.

2.7.5 Create organisational alignment

Successful strategy implementation depends on all parts of the organisation being aligned to the strategy and working together as a whole to support the implementation of the strategy (Amos, 2006:374). Nadler and Tushman (1983) suggest the use of the congruence model to assist leaders in understanding not only the various elements of an organisation but the importance of alignment, presented below.

Organisational Dynamics of Change (adapted from David Nadler)

Figure 04: The congruence model (*Source: Donnan, 2006:01*)

The essence of the Congruence Model is that every component of the organisation is perfectly aligned to get the best results possible (Donnan, 2006). A firm's strategy is determined by its environment, its available resources, and its history:

- External fit is the alignment between the firm's environment and its strategy. It is about doing the right things: having the right products and services as well as targeting and serving the right market segments to create competitive advantage (Donnan, 2006).
- Internal fit is the alignment between the firm's strategy and its configuration of process, technology, people, organisation, and culture. It is about doing things right. Porter (1980) defined first-order fit as simple consistency between each activity (function) and the overall strategy. Second-order fit occurs when activities are reinforcing. Third-order fit goes beyond activity reinforcement to optimisation of effort. Strategic fit among many activities is fundamental not only to competitive advantage, but also to the sustainability of that advantage (Donnan, 2006).

Therefore, unsatisfactory performance at the individual, unit/group, and organisation levels are indications of either internal and/or external misalignment:

- If the misalignment is internal, then it may suffice to realign the current process, structure, technology, people, and culture to improve performance (Donnan, 2006).
- However, if the misalignment is external, then a change in strategy is a prerequisite for improved performance (Donnan, 2006).

When alignment is achieved, the components are in harmony and are mutually reinforcing. The key message here is that we cannot change one of the organisational components (e.g. process) without affecting the other components (e.g. technology and organisation) (Donnan, 2006).

For the successful implementation of strategy, leaders need to consider the interaction between these components and work towards the various components complementing each other to the extent of establishing fit (Amos, 2006:375).

2.7.6 Create an organisational culture and values supportive of the strategy

According to Mullins (1996) culture for an organisation is very simply how things are done, and is based on deeper, relatively permanent, often unconscious, values, norms and assumptions (French and Bell, 1995).

"It is a collective assessment of an organisation based on the pattern of shared basic assumptions that the group has learned as it has solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 1992:12).

Culture can be understood from three different levels, where levels refer to the degree to which the cultural phenomenon is visible to the observer (Schein, 1992:16):

- First Level: is the most visible level, although the most difficult to make sense of. It represents what one would see, hear and feel when encountering an organisation such as the architecture of the physical environment, language used, technology, products, clothes, myths, rituals, ceremonies, stories and publications (Schein, 1992). This level is termed 'artefacts' (Schein, 1992).

- Second Level: represents what ought to be, as distinct from what is. These values influence how to deal with new tasks, problems or situations, and if the solutions work, the value can become a belief (Schein, 1992). This level is termed 'espoused values' (Schein, 1992).

- Third Level: is least visible and represents those assumptions that guide behaviour (Schein, 1992). This level termed 'basic underlying assumptions' (Schein, 1992).

In implementing strategy, it is important that strategic leaders analyse the culture of the organisation to determine the appropriateness of the culture and to create, manage and sometimes even change culture (Schein, 1992)

2.7.7 Lead and manage change

Organisations evolve and need to adapt to their environment and this inevitably requires change within the organisation (Amos, 2006:383). The aim of this change is often to make fundamental changes in how business is conducted in order to help cope with a new, more challenging market environment (Kotter, 1995:59). The effective initiation and management of change can determine whether or not the change initiative will be successful (Amos, 2006:383).

Before any change happens or if the leader plans to introduce change it should be understood what type of change it is and how will it affect the organisation and its employees. Armstrong (2009:167) differentiates between different types of changes that could occur and these are: incremental, transformational, strategic, organisational, systems and processes, cultural and behavioural changes. Each of these will be briefly discussed below as per Armstrong (2009):

- Incremental Change – incremental change is gradual change as it takes place in small steps. This type of change takes at the operational as distinct from the strategic level. Continuous improvement is not about making sudden quantum leaps; it is about adopting a steady, step-by-step approach to improving ways in which the organization does things

- Transformational Change – transformational change is the process if ensuring that an organisation can develop and implement major change programmes so as to respond strategically to new demands and continue to function effectively in the dynamic environment in which it operates. A distinction can be made between first-order and second-order transformational development. First-order development is concerned with changes to the ways in which particular parts of the organization function and second-order change aims to make an impact on the whole organization.

- Strategic Change – strategic change is concerned with broad, long term and organization wide issues. It is about moving to a future state that has been defined generally in terms of strategic vision and scope. It covers the purpose and mission of the organization, its corporate philosophy and such matters as growth, quality, innovation and values.

- Organisational Change – organizational change deals with how organizations are structured and how they function. It deals with addressing issues of centralization and decentralization, how management tasks should be divided into separate activities, how these activities should be allocated to different parts of the organization and they should be directed, controlled, coordinated and integrated.

- Systems and processes – changes to systems and processes affect operations and impact on working arrangements in the whole or part of an organization. New or changes may be concerned with various aspects of administration such as financial and management accounting, materials requirements planning, scheduling, procurement and order processing.

- Cultural Change – cultural change aims to change the existing culture of an organization. It involves developing a more appropriate set of the values that influence behaviour and ensuring that people 'live the values'. This change maybe in support of a newly adapted strategy that requires a paradigm shift from the employees in order to be executed successfully.

- Behavioural Change – involves taking steps to encourage people to be more effective by shaping or modifying the ways in which they carry out their work. Behavioural change can be achieved by getting people involved in setting objectives, giving them more responsibility to manage their own teams and providing rewards.

It is not sufficient for leaders to identify and define the kind of change that they are seeking to introduce to the organization, but they also need to be able manage the change process. The observation of the change efforts of more than 100 organizations led to Kotter (1995) identifying eight fundamental steps in managing change as:

- Establishing a sense of urgency – examining market and competitive realities and identifying potential crises and/or major opportunities

- Forming a powerful guiding coalition – assembling a group with enough power to lead the change effort and encouraging the group to work together as a team

- Creating a vision – creating a vision to help direct the change effort and developing strategies for achieving that vision

- Communicating the vision – using every vehicle possible to communicate the new vision and strategies and teaching new behaviours by the example of the guiding coalition

- Empowering others to act on the vision – getting rid of obstacles to change. Changing systems that seriously undermine the vision and encouraging risk taking and non-traditional ideas, activities and actions

- Planning for and creating short term wins – planning for visible performance improvements and recognizing employees involved in the improvements.

- Consolidating improvements and producing still more change – using increased credibility to change systems, structures and policies that don't fit the vision. Hiring, promoting and developing employees who can implement the vision

- Institutionalizing new approaches – articulating the connections between the new behaviours and corporate success and developing the means to ensure leadership development and succession.

Even successful change efforts are messy and full of surprises, but just as a relatively simple vision is needed to guide people through a major change, so a vision of the change process can be the difference between success and failure (Kotter, 1995:67).

2.8 Conclusion

With the evolving of set of challenges, poised by the ever changing world we live in, theory needs to evolve as well. It has been shown in the review above that there is no one set of ideas that can be applied unilaterally as a panacea for challenges. Newer ideas often need to be incorporated into an existing body of knowledge, to enable that particular body of knowledge to remain relevant. This dilution might seem to be at odds with existing theory, but is necessary for the expansion of relevant knowledge.

To ensure the present and future viability of an organisation, top level executives need to provide direction, facilitate change and achieve results through the efficient, creative and responsible use of resources (Armstrong, 2009). Just as it is necessary for knowledge to be updated in order to ensure its relevance, strategic leaders need to ensure that the lenses through which they view the world remain relevant. This will ensure that in dealing with the constant changes that characterise the business environment of today, they have vast a repertoire of responses that they can utilize at any given stage.

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CHAPTER 03
RESEARCH METHODOLOGY

3.1 Introduction

The research methodology chapter describes the methodology that has been adopted to achieve the research aim. A description of the research aim and of the research objectives is followed by a discussion of the research method and of the research paradigm. Data collection techniques and data analysis methods are presented, after which, issues of quality; ethics; and rigour are discussed. The chapter also addresses the research procedure and potential research limitations.

3.2 Research aim and objectives

The aim of this research is to analyze how Kevin Hedderwick has exercised strategic leadership during his tenure as Chief Operating Officer of Famous Brands from 2004 to 2009, while pursuing a growth strategy through mergers, acquisitions and joint ventures.

The resultant objectives of the research will be to:

1. Describe the growth of Famous Brands from 2004 to 2009.
2. Identify the key challenges that arose during this period.
3. Analyze the roles and functions of strategic leadership exercised by Kevin Hedderwick in leading the growth of Famous Brands and dealing with the associated challenges.

3.3 Research method: case study

A case study is defined as "an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 1994:13). A case study methodology is appropriate for this case as it allows for a detailed understanding, and interpretation of phenomena, within a single bounded system (Welman and Kruger, 2001). Yin (1994) goes on to state that a case study is an intensive investigation of a single unit. The unit of analysis could include institutions or organizations (Babbie and Mouton, 2006). This research is focussed on the study of the key strategic leader of one organization, namely: Famous Brands Limited. This answers the question of "what". In order to realise the research aim, a holistic single case study research method has been used, and thus the questions of "how" and "why", will be answered (Gray, 2004). The research paradigm is discussed next.

3.4 Research Paradigm

A qualitative research framework has been explored to facilitate an intention to "describe" and to "understand" human behaviour from an insider's perspective (Babbie and Mouton, 2006). Within this qualitative framework, resides the constructivist paradigm that is explored in this case study research. The constructivist paradigm's methodology is concentrated on the interpretation; understanding and on the reconstruction of the beliefs that individuals hold (Guba and Lincoln, 1994).

Following Babbie and Mouton's (2006) guidelines, honest, untainted, legitimate and truthful insider descriptions were generated by establishing a genuine rapport with the research participant, and thereby gaining his trust. Objectivity within the constructivist paradigm was maintained by the adoption an inter-subjective position (Babbie and Mouton, 2006).

3.5 Inductive approach

Emphasis was placed on inductive analytical approaches during the analysis of the qualitative data (Babbie and Mouton, 2006). This implies that there was immersion in the natural setting of the researched company, Famous Brands Limited before actions and events could be described. Emphasis was also placed on developing and building inductively based new interpretations of first-order descriptions of events (Babbie and Mouton, 2006).

3.6 Data collection techniques

There are six primary sources of information (or data) that one can explore for the purposes of engaging in case study research (Yin, 1994). These include documentation; archival records; interviews; direct observation; participant observation and physical artefacts (Yin, 1994). In this research, data was collected via the use of documentation; archival records, and interviews.

A formal interview was conducted with the primary research participant, namely, Kevin Hedderwick the Chief Operating Officer (now CEO of Famous Brands Limited). Babbie and Mouton (2006) advised that interviewing is typically done in a face-to-face encounter, and that interviewers ask questions orally, and then record the respondent's answers.

Babbie and Mouton (2006) also caution that recording the interviewees' responses "exactly" as given, is very important for the purposes of maintaining objectivity in the process.

The interviewer had a set list of questions for the interview. Further questions were added by the researcher during and after the interview to better explore certain themes. The researcher conducted all the interviews.

Relevant information was also sourced from available documentation. These include the annual reports, press articles and presentations given to shareholders. Gaining access to current and archived historic financial data did not pose a challenge during the research experience. Interpretations in this research would have been difficult to conclude if the aforementioned qualitative information was inaccessible. Much of the desired information was extracted from both the personal interview and from documentation that was retrieved. Additional information was gathered by reviewing reports that were published in magazines newspapers, on-line commentary and the company's annual reports.

3.7 Data analysis

Data analysis consists of examining; categorizing, or otherwise recombining the evidence to address the initial propositions of the study (Yin,1994:102).Yin (1994) further emphasises the relevance and importance of using any of four dominant analytic techniques, namely: time-series analysis; pattern matching; explanation-building and programme logic models.

In this research, explanation-building and time-series analysis have been utilized for the purposes of realizing the research aim. The "time-series analysis" technique, as proposed by Yin (1994), was used to analyse the quantitative data collected. Yin (1994) mentions that the compiling of chronological events may be considered a special form of time-series analysis. In this research the growth of Famous Brands was compiled in a chronological order and events that lead to this growth, over time, were identified. However, owing to the overwhelming qualitative nature of this research, the "explanation-building" technique was used to understand and describe how the primary research participant implemented his new strategies (Babbie and Mouton, 2006).

Supporting the research paradigm detailed earlier in this chapter, an interpretational method was adopted to analyse the collected data (Babbie and Mouton, 2006). A hermeneutics approach perforates throughout the analysis to ensure that all of the information's deeper meanings are illuminated and interpreted (Barbie and Mouton, 2006).

According to Babbie and Mouton (2006:90), "interventions are studied to establish whether they have been properly implemented; successful in terms of the intended outcomes, and beneficial to the target group". This responds directly to one of the research objectives identified earlier in this chapter, that of analysing strategic leadership exercised by Hedderwick in dealing with the associate challenges of a growth strategy.

3.8 Quality issues

Meaningful interpretations of the accumulated data can only be constructed and presented if the research conforms to the following "quality" indicators, namely: "reliability" and "validity" (Reige, 2003). This section also discusses four additional "reliability" and "validity" design tests, namely: confirmability; credibility; transferability; and dependability (Reige, 2003).

Babbie and Mouton (2006:119) define "reliability" as "a matter of whether a particular technique, applied repeatedly to the same object, would yield the same result each time". However, "reliability" does not ensure accuracy. Babbie and Mouton (2006) also cautions that "reliability" is always a concern whenever single observers are the sources of data. This is as a result of the impact of the degree of the subjectivity of the observer.

According to further literature by Babbie and Mouton (2006:122), "validity" implies "the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration". Consequently, the research process in this case study ensured that there was a corroboration of the evidence by no fewer than three sources of information, namely: interviews; documentation and archival records (Yin, 1994).

Reige (2003) proposed the additional use of four design tests to mitigate against the risks of invalidity and unreliability. According to Reige (2003), these tests are more suited to qualitative research approaches. Reige (2003:81) defines the four design tests (namely: confirmability; credibility; transferability; and dependability) as follows:

> "*Confirmability* is analogous to neutrality, and the design test assesses whether the interpretation of data is drawn in a logical and unprejudiced manner".
>
> "*Credibility* is the parallel construct to internal validity, and it involves the approval of research findings by either interviewees or peers".
>
> "*Transferability* is analogous to external validity, and it is achieved when the research shows similar or different findings of a phenomenon amongst similar or different respondents or organizations". Transferability can also be displayed through context-rich findings.
>
> "*Dependability* is analogous to reliability, and its purpose is to show indications of stability and consistency in the process of inquiry, particularly to determine whether the techniques and (or) procedures used in the process of study, are consistent".

Reige (2003) further advised that the quality; validity and reliability of a case study research method would be enhanced by the application of the aforementioned design tests.

"Confirmability" was assessed by noting whether the written records and interview held, all lead to similar conclusions being drawn

The "credibility" and "dependability" indicators were addressed by ensuring that transcripts of the interviews were sent to the relevant research participant for his approval. All quantitative data that were intended for analysis were sourced from published audit reports that are accessible on-line to the general public.

"Transferability" in qualitative research is the equivalent to generalisation. It is often thought that the conclusions reached from one case study cannot be generalised. However valid extrapolation depends on the clarity of theoretical reasoning and not on typicality or representativeness of the case (Mitchell, 2000). Therefore any transfer from this research should be based on the theoretical framework applied.

Thick descriptions of the research company; its natural settings; the research participants, and of all the phenomena associated with the application of "strategic leadership" within this particular organization, addresses the indicator of "transferability". The presence of "rich thick descriptive text" allows the reader to determine the external applicability of the research findings; interpretations, and of the concluding recommendations.

Finally, the indicator of "dependability" is addressed by ensuring that an archive of source documents (that were used in this research) is readily available for any auditing request.

3.9 Ethical considerations

Denzin and Lincoln (2000) detail four primary guidelines for ensuring ethical conduct during the research process, namely: informed consent, deception, privacy and confidentiality, and accuracy. Consent was obtained from the Chief Executive Officer of Famous Brands Limited that authorized the use, and the naming of his organization, as the case study for this research.

All communication and interaction was conducted with honesty and integrity, thereby negating any concerns of deception from either party.

Attention was given to the accuracy of the information that was collected; referenced; analysed and interpreted. This was ensured through the meticulous transferring and capturing of data, and through the approval of the interview transcript by the research participants.

In conducting the case study, the researcher is cognizant of the fact that certain confidential information was made available to him. While permission has been granted by the company for the research to be conducted, due care and integrity was exercised with the information and insights gained. This was done by seeking approval from the interviewee to include in the research any information that was not already in the public domain.

3.10 Conclusion

The chapter outlined the research aim, supported by the research objectives. A case study methodology was adopted, and within a qualitative framework, constructivist paradigm was selected. An inductive approach was explored to understand and describe the events. An inter-subjective position was adopted to obtain insider descriptions

Three primary techniques were used to collect data, namely: interviews; documentation and archival records. Quantitative data was interpreted by using time-series analysis technique, whilst qualitative data was compiled by using the thickly descriptive "explanation building" technique. Quality concerns about "reliability" and "validity" were mitigated by the use of triangulation. Four additional design tests were included to maintain the quality standards required of this research. These included confirmability, credibility, transferability, and dependability.

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