



**THE IMPACT OF NEED FOR ACHIEVEMENT (N-ACH) AND PERSONALITY ON  
HUMAN RESOURCE STRATEGIES AMONG SME OWNER-MANAGERS**

**BY**

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## DECLARATION

I, Nokuthula Moni, student number \_\_\_\_\_ do hereby declare that this dissertation submitted to the Central University of Technology, Free State, for the Degree of Master of Management Sciences in Human Resource, is my own independent work and has not been submitted to any institution in attainment of any qualification. I further cede the copyright of the dissertation in favour of the Central University of Technology, Free State.



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DATE

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## DEDICATION

I dedicate this thesis to my whole family they always believed in me. **You are the wind beneath my wings!**

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## LIST OF ABBREVIATIONS

- DTI: Development Trade and Industry
- GDP: Gross Domestic Product
- HRS: Human Resource Strategy
- N-Ach: Need for Achievement
- N-Affil: Need for affiliation
- N-Pow: Need for Power
- OECD: Organisation for Economic Co-operation and Development
- SME: Small and Medium Enterprises

## ABSTRACT

The objective of the study was to determine whether n-Ach and Personality are determinant factors in the adoption of human resources strategies, among small businesses in the Mangaung Metropolitan area. Using descriptive, research design, a population of 390 owner/managers of registered small businesses in the Mangaung Metropolitan area were sampled. The sample size for the study was calculated as follows: Confidence interval: 95%; Population: 390; Margin error 5% and the determined sample size for the study was, therefore, 194 SME owner-managers. Data was collected using a self-administered structured questionnaire, with items measured on a Likert scale of (1) *Strongly Disagree* to (5) *Strongly Agree*. Data analysis for this study was done using descriptive and inferential statistics. The findings of the study revealed that personality and n-Ach influence owners of small businesses to adopt an HR Strategy. The results further revealed that personality has a mediating effect on the relationship between n-Ach and HR strategy.

## CHAPTER 1: INTRODUCTION TO THE STUDY

### 1.1. INTRODUCTION, BACKGROUND, AND PROBLEM

Human resources are essential for any organization, but they are widely ignored in small-scale entrepreneurship research (Drucker, White & Stanworth, 2005). Among HR practitioners, there is also a recognition that the commonly-held view of the past that small firms 'do not need human resource' and the view that human resource practices are 'informal', is no longer applicable (Sheehan, 2013). This is because, whether formal or informal, every business carries out human resource functions. Despite this assertion, today, very few Small and Medium Enterprise (SME) have formalised their HR practices (Michie & Sheehan, 2008); Empirical evidence exists (Forth, Bewley & Bryson, 2006), to show that the way human resource functions or strategies are chosen in an organisation can be a result of a number of factors, such as personality. Personality traits are assumed to play an important role in influencing people to become entrepreneurs (Zaharian, Akram & Ghani, 2010). Some researchers Florin, Karri, Rossiter (2007), Armstrong and Hird, (2009), Turker and Selcuk, (2009) and, Okhomina, (2010) agree that current and future entrepreneurs should have profiles and personality traits that enhance their success; one of them is the need for achievement, hereto referred to as n-Ach. The need for achievement, is defined as "a more or less consistent trait of personality" (Murray, 2004:61) and it is thought to trigger behaviour across different situations (Munteanu & Costea, 2010). Within small business literature, owners of SMEs are regarded as entrepreneurs and, therefore, are assumed to be risk-takers and highly motivated to achieve (Krueger, 2009). As such, one can argue that entrepreneurs are driven to achieve because they possess certain personality traits. These traits may influence the way they treat their human resources, by adopting a particular human resource management (HRM) strategy. It is this assumption that this study seeks to investigate among small business owners, since there is a dearth of empirical evidence to establish this assumption. The benefits in establishing such links are, among others, the opportunity that will be afforded SMEs to ensure efficiency in effective human resource policies. In addition, the study will

help in profiling personality traits of entrepreneurs in different sectors who can be linked to effective HRM strategies.

## 1.2. PROBLEM STATEMENT

SMEs are regarded as essential and contribute towards a country's economic growth however, the issues of HRM are not dwelt upon in most SME literature and studies. For example, Zheng, Morrison, and O'Neill (2006) argue that little is known regarding HRM practices in SMEs; Cardon & Stevens, (2004), have highlighted that, even though HR issues have been evolving in the past decade, there is not much research conducted on SMEs pertaining to different human resource issues. Most of what is known centre around issues of informal HRM in SMEs, although the co-existence of formal and informal HRM practices have had some attention (Martin, Janjuha-Jivraj & Carey, 2008). Similarly, Legge (2005), argues that small firms are focusing more on the fast and aggressive growth of business than on the HRM issues, yet managing human resources is regarded as critical for small businesses (Gómez-Mejía , Balkin & Cardy, 2012.). At the same time, research on the large corporate world has established an association between managers' personality and how they manage their human resources (Guest, 2011). Empirical research in the field of personality argue that achievement motivation or the need for achievement stands out as the most noticeable hypothetical contention with relation to entrepreneurship (Gürol & Atsan, 2006). These authors place the need for achievement as one of the key drivers behind people who act entrepreneurially or start their own businesses. Among the predictors for entrepreneurs to start a business, personality traits have been identified as powerful motivational determinants (Fitzsimmons & Douglas, 2011; Liao & Lee, 2009).

It is evident that previous studies established that personality and human resources management are linked. The need for achievement and success in business are linked. The problem, however, is that, such evidence has been confined to the large corporate arena and not among SMEs - a sector in which human resource practitioners have recently developed an interest in investigating. In addition, there is paucity in research

no known study has investigated the combined influence of personality and the need for achievement in terms of how they influence the use of human resource practices among SMEs, particularly in a developing economy like South Africa's. Therefore, the objective of this study is to examine the relationship between N-Ach and personality on the use of particular HR strategies among SME owner-managers.

### **1.3. RESEARCH QUESTION(S)**

#### 1.3.1 Main research question

What is the impact of the need for achievement and personality on HRM strategies among small business owners?

#### 1.3.2 Specific research questions

- 1.3.2.1 Is personality a significant determinant of HR strategy among small business owners?
- 1.3.2.2 Is the need for achievement (N-Ach) a significant determinant for using a particular HR strategy by the small business owners?
- 1.3.2.3 When both personality and need for achievement are considered, which of these variables is most prevalent in the use of a particular HR strategy, by small business owners?

### **1.4 RESEARCH OBJECTIVE(S)**

#### 1.4.1 Main research objective

1.4.1.1 Therefore the objective of this study was to examine the impact of N-Ach and personality on HR Strategies among SME owner-managers

#### 1.4.2 Sub -objectives

1.4.2.1 To determine the impact of personality on HR strategies.

1.4.2.2 To investigate the impact of N-Ach on the use of HR strategy among SME owners.

1.4.2.3 To examine if personality and N-Ach are determinants of use of a particular HR strategy in SME's business.

## **1.5 HYPOTHESES**

Based on the research objectives, the following hypotheses has been formulated:

H<sub>1</sub>: Personality is a determinant factor, which influences owners of small businesses to adopt a particular HR strategy.

H<sub>2</sub>: The need for achievement (n-Ach) is a significant determinant, which influences owners of small businesses to adopt a particular HR strategy.

H<sub>3</sub>: When both n-Ach and personality are considered, n-Ach is the more influential factor when business owners want to adopt a particular HR strategy.

## **1.6 AIM OF THE STUDY**

To contribute to literature on small businesses' human resource development through profiling entrepreneurs' personality traits and establishing how they affect the use of particular HR strategies, by SME owners.

## **1.7 DELIMITATION OF THE STUDY**

The purpose of demarcating any study is to make it more focused and manageable from a research point of view, however, the exclusion of some areas related to the one under investigation, does not mean the excluded areas are less important or unsearchable. Rather it means, without demarcation the scope of the study would be difficult to manage, in a single study.

#### 1.7.1 Size of organisation(s)

The study was limited to owner managers of small businesses employing more than 5 but less than 20 employees in the selected towns of Mangaung Metropolitan area.

#### 1.7.2 Type of organisation(s)

The study was limited to owner- managers of registered small businesses.

#### 1.7.3 Geographical demarcation (s)

The study was limited to small business owner-managers in the Mangaung Metropolitan area. The selected towns were Bloemfontein, Botshabelo, Dewetsdorp, Thaba Nchu and Wepener.

#### 1.7.4 Unit of analysis

The unit of analysis were small business owner-managers in the Mangaung Metropolitan area. Data was solicited from owner-managers of different small businesses.

### **1.8 LIMITATIONS OF THE STUDY**

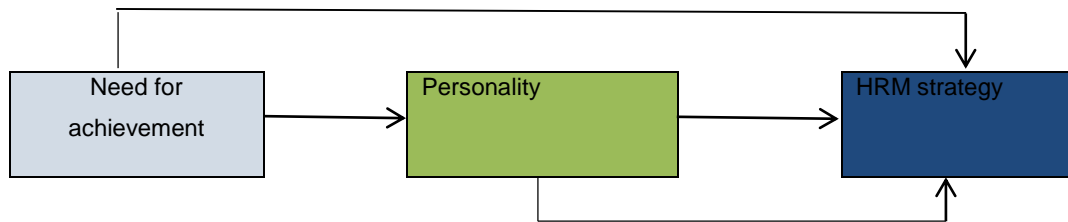
Firstly, the population of this study consisted of SME owner-managers in the Mangaung Metropolitan Area. This created a geographical bias because the sample of the study does not represent other Metropolitan Areas in the Free State nor all of the South African Provinces, as a result, findings of the study cannot be generalised across the whole of South Africa. The geographical scope of the study could not be extended further to other provinces due to financial and time constraints. Secondly, owner-managers of small businesses are very busy and hard to access, as a result it was difficult for the researcher to get a 100% response rate from the distributed questionnaires, consequently, the findings and conclusions of the study were only from the completed questionnaires.



## 1.9 CONCEPTUAL FRAMEWORK

Based on the research questions and hypotheses provided, the proposed conceptual framework for the study is given below.

**Figure1. 1 Conceptual Framework**



**Source: Self- compilation**

Figure 1.1 indicates the proposed relationships among Need for achievement, personality and HRM strategy. Need for achievement is assumed to have a direct impact on HRM strategy and this relationship is also assumed to be mediated by personality. Figure 1.1 also shows that personality alone has a direct impact on HRM strategy.

## 1.10 OUTLINE OF THE STUDY

This study is presented in five chapters.

### **Chapter 1: Introduction of the study**

This chapter presents an overview of the study, focusing on areas such as the problem statement, research questions and objectives, hypothesis, conceptual framework, delimitation and limitations of the study.

## **Chapter 2: Literature review**

This chapter examines literature about SMEs and other studies that have been conducted on personality. The next sections examine the combination of the three variables - need for achievement, personality and HR strategies. The last section of the chapter reviews Human Resource Management, Significance and Types of Human Resources strategies and the theory which guided this study.

## **Chapter 3: Research Methodology**

This chapter presents the methodology applied to this study. It provides insight into how data was collected, as well as, the techniques used to analyse the data

## **Chapter 4: Analysis, Results and Discussion**

This chapter presents and discusses the findings generated from the data that was collected using the questionnaires.

## **Chapter 5: Conclusions and Recommendations**

The chapter presents and discusses the conclusions and recommendations based on the literature and findings of the study.

### **1.10 CONCLUSION**

This chapter provided the background of the study, together with the research questions, objective, formulated hypotheses and theoretical framework. The next chapter presents literature review on n-Ach, Personality and HR strategies in small businesses.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 INTRODUCTION

Chapter two of this study focuses on defining small businesses, their importance and the challenges that owner-managers are faced with theoretical framework of the study is also discussed. This chapter will also be examining relations amongst the variables, the need for achievement (n-Ach) motivation, the importance of personality and HR strategies in Small and Medium Enterprise (SME) although limited research has been done on the relationship between N-Ach, Personality and HR strategies in SMEs.

### 2.2 DEFINITION OF TERMS

#### 2.2 1 Definitions of SME

There is no generally accepted definition of SME (Altman, Sabato &Wilson, 2008; Henschel 2009). One reason for this is, there have been no uniform criteria to measure the concept in terms of capital outlay, number of employees, sales turnover, fixed capital investment, market share and level of development (Ogechukwu, 2011). Fatai (2010) found that difference exist from country to country, school to school and industry to industry. Beck and Kunt (2006) further mention that most definitions currently follow either quantitative or qualitative lines. Quantitative factors are primarily the number of employees, the annual earnings (sales) and the balance sheet total (Katerndahl, 2006). Consistent with Katerndahl (2006) the qualitative factors require that an SME has a relatively small share of its market, be run by its owners and not be a subsidiary of a large firm. Seeing that there is no single definition of SME, below are definitions of SMEs from the context of different countries.

## 2.2.2 European Context

Definition of SME in Europe is regulated by Law no. 02/L-5 for small and medium enterprise support. The law has determined that a small enterprise is one that had employed up to nine (9) employees during the previous 12 months and has a total turnover of EUR 500,000 or less, while a medium enterprise is an enterprise which had employed between ten (10) to forty-nine (49) employees during the previous 12 months and has total turnover of 2.4 million Euros or less (Assembly, 2005). Interestingly, the Organisation for Economic Co-operation and Development (OECD) publications, refer to the same the law, showing that European countries classify SMEs by the following scaling - micro: up to 9 employees; small: up to 49 employees while medium up to 249 employees (OECD 2012). The most frequent upper limit is 250 employees, as in the European Union.

## 2.2.3 African context

Like other countries, the issue of what constitutes a small or medium enterprise is still being debated in South Africa, (Informal Small Medium and Micro Enterprises Retailers in South Africa, 2014). A mutual definition of SME includes the requirement that it must be a registered business with less than 250 employees and not less than 5 employees. SMEs, however, are defined in a number of different ways, be it by the number of employees or turnover bands. Ultimately, the definition for SMEs encompasses a very broad range of firms, some of which include formally registered, informal and non-VAT registered organizations. These firms can take the form of street trading enterprises, backyard manufacturing and services, and occasional home-based evening jobs (Development of Trade and Industry (DTI), 2008). Whereas in Mozambique a small business means a separate and distinct business entity including cooperatives and non-governmental organizations managed by one owner or more which includes their branches or subsectors within the economy (Bloem, 2012).

SME, therefore, has no standard definition; they are identified differently by various individuals and organizations, such that an enterprise that is considered either small or medium in one country is viewed differently in another country. However, looking at the different definitions from the different countries it is without doubt that the definition of SME can never be uniform. From all the definitions above, an SME can be defined as a business that is owned by one or more people, employs not more than 250 employees, is registered and plays a major role in a country's economy and employment creation (Nguyen, 2009). For the purpose of this study SMEs can be defined as registered businesses, owned by one or more people who employ not more than 250 employees but not less than 5 employees, they can also be also by people with different personalities and motivation levels.

## **2.3 THEORETICAL FRAME WORK**

### **2.3.1 Goal Setting Theory**

This study is guided by the goal setting theory. The goal setting theory of motivation, as proposed by Locke and Latham (1990) emphasises the essential relationship between goals and performance of a firm. DuBrin (2012), identify the goal setting theory as the most appropriate theory to explain the motivation of entrepreneurs. The author states that managers widely accept goal setting as a means to improve and sustain organisational performance. In addition, DuBrin (2012), states that the major finding of goal setting theory is that individuals who are motivated and provided with specific, difficult but attainable goals, perform better than those given easy, non-specific, or no goals at all. The theory asserts that goals have a persistent influence on entrepreneurs, performance in organisations and management practice, thus, it is possible to assume that, a person or an entrepreneur who has high need for achievement is likely to set difficult goals. To support the assumption, research by Medland and Hatemi (2009) shows that difficult goals are aligned with certain personality types. For example, Lunenburg (2011) has established that goals influence individuals to be more dedicated in what they do, thus, when one considers entrepreneurs a certain personality emerges;

such individuals are likely to have the desire to work hard. This implies a high level of control over the impulses directed at facilitating task- and goal-oriented behaviours, hence, leading to an individual being dutiful, organised and responsible. To add to that, Barrick & Mount (1991) argue that extraverts are optimistic and upbeat, therefore, entrepreneurs with this personality can be associated with ambition and are more organised; they possess the characteristic features of assertiveness, which are related to setting goals (Gallego & Pardos Prado, 2013). The Openness to experience entrepreneurs are always on the lookout for adventure and are risk-takers. They are referred to as people who like to learn new things and enjoy new experiences (Weiten 2010). They are persuasive and accept difficult tasks which are attainable, thereby, demonstrating the possibility that they are also likely to set difficult goals that are motivation and rewarding

While the goal setting theory has been applauded for its application in management studies, there is an argument that, although difficult goals lead to greater success or goal attainment, these individuals tend to focus only on one goal at a time, when assigned multiple goals simultaneously. individuals who tend to focus only on one goal at a time, however, may later miss or not give much attention to other tasks; this may lead to failure in a business (Ordonez, 2009). Furthermore, critics have found that there may not be a positive linear relationship between goal difficulty and task performance as advocated by the theory. This is because sometimes when goals are too challenging, the possibility of unethical behaviour and unnecessary risk taking in order to accomplish goals cannot be ruled out (Larrick, Heath & Wu, 2000; Ordonez, 2009). Despite these critiques, the theory has stood the test from rival theories and is still regarded as one of the best theories to understand motivation of leaders or entrepreneurs in the 21<sup>st</sup> century, as well as their choice of strategies and performance in their businesses.

## 2.4 Significance of SME

SMEs play a very important role to the South African and most countries' economy. Research by Andezelic, Dzakovic, Lalic, Zrnica and Palcic (2011) in both developed and developing countries reveal that SMEs are increasingly recognised as the prime vehicle for economic development. For the purpose of this study we will focus on one major contribution of SMEs - the issue of creating employment. This point is discussed below.

### 2.4.1 SME as a driver of employment creation

Statistics South Africa (2011) reports that unemployment is extremely high in South Africa and it is seen as one of the most pressing socio-economic and political problem. The National Treasury research (2008) on SME in South Africa discovered that eight out of every ten new jobs created in South Africa are in the SMEs' category; this really means that SMEs are key in creating jobs and employment in the country. According to the European Union (2009) SMEs account for a large proportion of Europe's economic and professional activities. Approximately 90% of firms in the European Union are SMEs and they provide about two-thirds of all private sector employment. Beck (2007) points out that the contribution of SMEs in Pakistan is about 80%, in China 70% and in Brazil, 73%. In fact the growth of SMEs is the driver to economic development and they create wealth by reducing unemployment in every country around the world. Furthermore Davidsson (2007); Dobbs & Hamilton (2007) have recognized that economic growth is encouraged as SMEs act as a cure for economic down-turn. It can, therefore be agreed that SMEs are key in reducing unemployment in most countries since they are more flexible than large firms. For the purpose of this study SMEs which are owned by individuals with personalities that allow them to explore new ideas and take innovative approaches and are motivated to achieve can lead to successful businesses that can create employment.

#### 2.4.2 Role of SME in poverty reduction.

It is without doubt that poverty is an a worldwide problem, Rogerson (2008), points out that despite the constraints faced by SMEs in the world, emerging and successful SMEs are viewed as offering a critical contribution to the policy goals of poverty alleviation, employment creation and promotion of economic growth. According to Fatoki & Garwe (2010), SMEs are more productive than large firms, but challenges with the financial markets and other institutional failures impede SMEs development, nonetheless, SMEs' enlargement increases employment more than large firms' growth because SMEs are more labour-intensive; SMEs can be used to alleviate poverty and unemployment. The World Bank (2010), also proclaims that a vibrant SMEs sector improves productivity, promotes economic growth and increases opportunities for the poor; they are viewed as important drivers of local economic development.

SMEs dominate both developed and developing economies and are increasingly recognised as the prime vehicle for economic development in both types of economies.

#### 2.4.3 Role of Nach and personality in poverty reduction

Need for achievement plays a role in poverty reduction such that, such that it is recognised as a key driver to being a successful business person (Thompson, 2014). Therefore individuals who are motivated to succeed can start their own businesses by creating employment and assist with poverty elimination, research amongst small business owners and corporate managers revealed that small business entrepreneurs exhibited higher levels of achievement (stewart & Brown, 2009) previously Zeffane (2013) discovered that the strongest characteristic of being an entrepreneur amongst individuals was achievement motivation.

Personality can also be viewed as a form of reducing poverty such that individuals who with a flexibility personality and are able to interact with others my start their own businesses and be successful in their businesses for instance extraversion as a



personality trait is a valuable trait for future entrepreneurs as they need to enjoy and be willing to interact frequently with others (Chell, 2011) and starting a business is also viewed as a form of poverty reduction and creating employment (Pihie, 2009). Vercina, Aponte and Urbano (2010) refer to entrepreneur as a perception of desirability and flexibility. Thus personality can be viewed as instrumental in poverty reduction.

## **2.5 CHALLENGES FACED BY SMES**

Notwithstanding the huge contribution of SMEs in South Africa and around the world to economic growth, poverty reduction and employment creation, there are challenges facing SMEs at global level. Abor and Quartey (2010), state that although SMEs are of great socio-economic significance, their long-term growth and competitiveness have been compromised by persistent and often critical constraints on their access to professional skills, among other systemic and institutional problems. SMEs face many obstacles that limit their long term survival and past research have indicated that three out of five businesses fail within the first few months of operation (Gichuki, Njeru & Tirimba, 2014). Small businesses increasingly face competition not only from their peers but also from large corporations participating in niche markets once regarded as a preserve of small businesses (Ntakobajira, 2013). Other challenges faced by SMEs are classified as follows:

### **2.5.2 Marketing skills**

Marketing skills are very significant determinants to business survival and its growth. According to van Vuuren and Groenewald (2007) the lack of marketing skills has a negative impact on the success of many businesses and is also one of the biggest challenges SMEs face in their business operations. Most SMEs owners are unable to access market research and have inadequate marketing skills as most SMEs are owned and managed by one person. Such entrepreneurs take care of all the managerial

functions of the enterprise and lack the time and funds to invest in research to establish their target market or identify customer trends (Bouazza, Ardjouman & Abada, 2015).

### 2.5.3 Managerial skills

Managerial skills are critical success factors of all businesses, and small businesses are no exception. Unfortunately, SMEs owners or managers lack managerial training and experience. According to Olawale and Garwe (2010) management capacities represent sets of knowledge, skills, and competencies that can make the small firm more efficient. Singh, Garg & Deshmukh (2008) emphasize that management skills are necessary for SMEs to survive and achieve growth. Similarly Aylin, Gavang, Cocca & Bititchi (2013) state that management skills are a crucial factor for the growth of SMEs and that the lack of these skills is a barrier to growth and is one of the factors that can lead to failure. Pasanen (2007) even suggests that the growth pattern of small firms is associated with their managerial capacities. As the enterprise becomes larger, there is increasing need for managers to plan, coordinate and control the activities of the enterprise. The owners who are also likely to be the managers of the small enterprises may not have the training, skills for operating the business successfully, hence, affecting business performance.

It is clear that small businesses have to deal with many challenges which may differ from country to country and the lack of support services or the irrelatively higher unit cost can hamper SMEs' efforts to improve their management. New and inexperienced entrepreneurs may not have the required skills and managerial capacity to fully exploit new opportunities and markets, hence, these challenges can impact negatively on the success of small businesses and threaten their existence (Bouzza, Ardjouman & Abada, 2015).

These previous sections have highlighted the definition of SME, its importance to the economy and challenges which are faced by SMEs. The next section focuses on the

owner/managers' need for achievement, motivation, characteristics of need for achievement and the theory of need for achievement.

## **2.6 NEED FOR ACHIEVEMENT (N-ACH)**

### **2.6.1 Definition of the Need for Achievement**

'Need for achievement' was first used by Murray in the 1930s. The author defined it as an intense, prolonged and repeated effort to accomplish something difficult; to work with singleness of purpose towards a high distant goal; to have the determination to win. By extension, individuals with the need for achievement are people who set high standards for themselves and would not stop at anything until they succeed. Khuon (2014) refers to 'Need for achievement' as an individual's desire for a significant accomplishment and mastering of skills or high standards. Along the same lines as Need for achievement, is motivation; this is the aspiration to put together an effort so to achieve goals. Zhao & Siebert (2006) indicate that the need for achievement, which is also motivation, is a significant determinant for starting a business; therefore, although a person may have capabilities to do something that person would fail in his/her work without motivation.

As discussed previously that n-Ach is motivation, a brief description of motivation is given below

## **2.7 NEED FOR ACHIEVEMENT AS MOTIVATION**

Lai (2011) refers to motivation as the reasons that underlie behaviour; it is characterised by willingness and volition. Motivation, therefore involves a constellation of closely-related beliefs, perceptions, values, interests and actions. Motivation within individuals tends to vary across subject areas and this domain- specificity increases and strengthens with age. Motivation enforces individuals to become entrepreneurs and be successful in their business. Similarly, Silber & Foshay (2009) elucidate motivation as the process that initiates and maintains goal-directed performance. It energises our

thinking, fuels our enthusiasm and colours our positive and negative emotional reactions to work and life. Along the same lines motivation generates the mental effort that drives us to apply our knowledge and skills, therefore, without motivation even the most capable person can refuse to work hard. Motivation encourages individuals to start doing something new or to restart something that has failed. It also controls one's decisions to persist at a specific work goal in the face of distractions and the pressures of other priorities. It leads one to invest more or less reasoning effort to enhance both the quality and quantity of our work performance.

Patterson and Kerrin (2014) reveal that the need for achievement is the most significant determinant pushing individuals to start their own businesses and become entrepreneurs. Florin, Karri & Rossiter, (2007). and his colleagues discovered that the strongest characteristic of entrepreneurs amongst a population of students is achievement motivation. Motivation increases the level of performances within the business and also increases dedication within the working environment and to motivate workers in the workplace. This simply means that a well-motivated enterprise becomes a highly-productive enterprise (Dobre, 2013). According to Newstrom (2011), motivation is one of the strategies entrepreneurs use to enhance effective performance in organisations as motivation is a basic psychological process. Motivation can be intrinsic and extrinsic. Extrinsic motivation concerns behaviour influenced by obtaining external rewards (Legault, 2016). Praise or positive feedback, money, and the absence of punishment are examples of extrinsic or external rewards (Abiro, 2013). Intrinsic motivation is the motivation to do something simply for the pleasure of performing that particular activity, examples of intrinsic motivation factors are interesting work, opportunity recognition, social recognition, growth, and achievement (Guay Chanal Ratelle Marsh Larose & Boivin 2010). Cervone & Pervin, 2007) note motivation as high values of successful entrepreneurs. Several studies (Segal 2007; Taormina & Kin Mei 2007) reveal that there is a significant positive relationship between motivation and entrepreneurial success.

Zhao & Siebert (2006) indicate that the need for achievement, which is motivation, is a significant determinant for starting a business. Similarly, Florin *et al.* (2007) discovered

that the strongest characteristic for business amongst a pool of business owners was the need for achievement - motivation. There have been considerable amount of empirical research on the need for entrepreneurial achievement. This supports the view that individuals who have high need for achievement are more likely to start their own businesses. Achievement-motivated people will logically favour jobs and responsibilities that naturally satisfy their needs, for example, jobs that offer flexibility and opportunity to set and achieve goals, for example, sales and business management, and entrepreneurial roles (Ekit, 2012).

Ultimately people with n-Ach are full of hope and hunger to achieve not failure in all they do (Steinmar & Spinath, 2009). Each owner of an SME aspires to have a successfully-organised firm which is competitive on the market, realises high profits, with employees who have high levels of motivation in relation to the successful operating of an enterprise (Ceranic & Popovic, 2013).

## **2.8 CHARACTERISTICS OF NEED FOR ACHIEVEMENT PEOPLE**

Need for achievement serves as the main significant fuel that activates people to start their own businesses or become entrepreneurs; it is the main ingredient which leads to entrepreneurship and economic development (Munteanu & Costea, 2010). People with n-Ach are characterised by a tendency to seek challenges and high degree of independence; their most satisfying reward is the recognition of their achievement. Argyris (2010) argues that achievement-motivated people always seek ways of improvement and doing better; this gives them personal satisfaction. For example, those with high need for achievement tend to moderate difficult tasks so that although they are challenging but are within reach; they are persistent and do not give-up till they have a sense of accomplishment. These people are intrinsically motivated and do things to overcome obstacles and obtain higher standards. To them constructive and accurate feedback is essential and they are clear about their strengths and weaknesses. According to Kaplan & Haenlein (2009), achievement-motivated people normally prefer

jobs and responsibilities that allow them to be more flexible and offer them opportunities to set and achieve those goals. In the same way achievement people with high need for achievement are always up for a challenge and constantly looking for a way of doing things better; achieving a task gives them greater satisfaction than receiving praise or recognition (Pinder, 2008). For example, in a research conducted by (Khan & Jabeen 2013) on “Need for Achievement and Low Achievers in academic learning” the researchers found that high achievers attribute their successes and failures mostly with effort and ability. Low achievers were seen as being less motivated towards studies and perceived academic learning as being less useful while those with a high need for achievement take intermediate risks and plans to advance. N-Ach success is measured by such people accomplishing their objectives rather than financial rewards.

## **2.9 NEED FOR ACHIEVEMENT THEORY**

McClelland and his associates (1961) proposed the McClelland’s theory of Needs Achievement Motivation Theory. This theory states that human behaviour is affected by three needs - Need for Power, Achievement and Affiliation. McClelland therefore, suggests that most of human needs and/or motives can be classified as achievement, affiliation, and power. He found that a person's motivation and effectiveness in certain job functions are influenced by these three needs, thus, the importance of a particular need depends upon the position. These needs are discussed below:

### **2.9.1 The n-Ach person has a need for achievement**

The n-Ach person is 'achievement motivated' and therefore seeks achievement, attainment of realistic but challenging goals and advancement in the job (Stuart & Roth, 2009). With the n-Ach person, there is a strong need for feedback about achievement and progress, and a need for a sense of accomplishment. People with a high need for achievement seek to excel and thus tend to avoid both low-risk and high-risk situations

(Moore, Grabsch, & Rotter, 2010). Achievers avoid low-risk situations because the easily-attained success is not a genuine achievement (Elias, Noordin, & Mayhuddin, 2010). They also excel in challenging situations and when confronted with difficult goals, they generally rise to the occasion. Such individuals are guaranteed to achieve in their businesses because being an entrepreneur requires someone who does not easily give up but has the hunger for success. Business owners with high need for achievement respond positively when directed towards a challenging goal (Gary-Perret, & Mainali, 2012). Conscientiousness is about the degree of self-discipline and control within an individual, therefore some aspects of conscientiousness are clearly related to the need for achievement. Conscientious individuals are competent and strive for achievement, hence, are inclined towards need for achievement. The assumption is that business owner with high need for achievement and conscientious personality are likely to succeed in their business since they do not give up easily and are persistent in what they do (Kato & Honjo, 2010).

### 2.9.2 The need for power (N-Pow): authority motivated

According to Royle, and Hall, (2012) individuals with need for power are more likely to respond positively when they are being directed toward the larger goal. They possess a strong need to lead and for their ideas to prevail. This driver produces a need to be influential, effective and to make an impact. In addition, authority-motivated people also have a need for increasing personal status and prestige. Kumara (2012) notes that when a job requires directing others, those with a high need for personal power may become dysfunctional as their focus is on the directing of others rather than on the achievement of the company's goals. Managers with a high need for institutional power tend to be more effective than those with a high need for personal power, since the former channel their need into accomplishing goals set by the organization (Mulder, 2015). Individuals who fit the authority motivation model are more devoted to an organization, and also possess better work ethics (Hoff, 2008). Those who seek power within a leadership role may not even know how to get along with others or how to compromise (Brown, 2007). Individuals who fit the achievement model are more likely to

be overachievers and overbearing (Accel, 2010). People with need for power are inclined to the trait of openness to experiences since the trait is also about being willing to consider new ideas

### 2.9.3 The need for affiliation (n-affil)

People with a high need for affiliation require warm interpersonal relationships and approval from those with whom they have regular contact (Hill, 2008). People who place high emphasis on affiliation tend to be supportive team members, but may be less effective in leadership positions (Blatt, 2008). High affiliation-need individuals prefer work that provides significant personal interaction, and depends on successful relationships with others, such as customer service. They are concerned with whether people like them more than whether they are doing a good job (Park, Lee & Kabst, 2008).

With the need for affiliation individuals, personal satisfaction is more important than material or financial reward to them. Achieving the aim or tasks gives them greater personal satisfaction than receiving praise or recognition. They are more interested in receiving feedback because it enables them to measure their success and it allows them to fix where they might have made mistakes. Generally, achievement-motivated people always strive for improvement and doing things better. According to Farooqi (2014) aspects of extraversion are clearly associated with the need for affiliation. Business owners who are inclined towards affiliation motivation are high on being social; they seek interpersonal relationships and a desire to have and maintain close relationships.

The following section addresses personality, personality theories and the big five personality traits across various contexts.



## **2.10.1 PERSONALITY**

### 2.10.1 Definition of personality

Kinicki (2008) explains personality as representing a stable set of characteristics that are responsible for a person's identity. The internal dimension or the primary dimensions of diversity are mostly outside our control but strongly influence our attitudes, our expectations and assumptions about others, thus, influencing our behavior. Personality is about different kinds of human behavior, and reveals different characters of individuals as it helps to identify different kinds of people (Graziano, Habashi, Sheese & Tobin, 2007). It is through personality that an individual's behavior, emotional and social aspects are revealed. Personality is the result of social interaction in a group life (Anderson, 2009). In a society each person has a different trait, and individuals have different types of personalities because they are not alike (Ewen, 2010). Personality deals with a wide range of human behaviour and it can be considered to be almost everything about a person, consisting of the mental, emotional, social and physical aspects. This means that starting from an early age, individuals differ in personality, such as in their energy levels, positive emotional engagement with others, feelings of distress and petulance, persistent attention and interest in captivating tasks.

## **2.11 PERSONALITY THEORIES**

Personality is central in understanding human nature. Every one of us shares many things with others, however, it has been discovered that people are also different in the way they appear and conduct themselves (Schultz & Schultz, 2006). Personality theories are discussed below:

### 2.11.1 Humanistic theories

Humanistic theory's primary focus is on people's needs, self-concept/esteem and values (Huit, 2006). According to Boeree (2006) humanists believe that motivation and problems that can be attributed to the unconscious are few. The humanistic approach emphasizes the personal worth of the individual, the centrality of human values, and the creative, active nature of human beings (Larsen & Buss, 2012). The approach is optimistic and focuses on noble human capacity to overcome hardship, pain and despair, therefore, business owners who are humanistic are likely to achieve in their businesses. Individuals with n-Ach are characterised by a tendency to seek challenges and high degree of independence and are always focusing on achieving their goals (Lahey, 2009)

### 2.11.2 Social-Cognitive theory

Whereas humanistic theory focuses on the feelings of the individual, social cognition also includes a person's previous knowledge and expectations but within social aspects (Bandura, 2011). The major premise of social cognitive theory is that the human action is caused by mutually interacting factors, behavior, cognitive and other personal factors the person's external environment (Nabi, & Clark, .2008). The three factors do not influence each other simultaneously or with equal strength, as much as they do not influence each other instantly. Time must pass for each of the three factors to exert influence and to receive influence in return. According to Huit (2006), social cognitive theory is a study of mental processes such as attention, memory, perception, language use, problem-solving, creativity, and thinking. Much of the work derived from cognitive psychology has been integrated into various other modern disciplines of psychological study, including social psychology, personality psychology, abnormal psychology, developmental psychology, educational psychology, and economics (Hardin & Greer, 2009).

### 2.11.3 The Contingency Approach

This is a perspective on management that emphasizes that there is no single way to manage people or work in every situation (Beaudreau, 2012). It encourages managers to study individual and situational differences before deciding on a course of action. This theory allows management to be flexible and know that there are different ways which can be used to approach individuals or situations within the working environment (Zan, 2010). In line with contingency theorists, it is implicitly believe that the organizational culture needs to be aligned with the overall business strategy so that it can be a source of sustainable competitive advantage. In fact contingency theorists consider non-alignment to be deadly (Barney& Hesterly, 2006). If a firm's culture enables it to behave in a way that is inconsistent with a firm's competitive situation, then it cannot be a source of superior financial performance. Contingency theorists tend to focus on HR strategies and employment relationships within the main workforce (Macky & Boxall, 2008).They argue that HR strategies should be developed to create a shared mind-set for core workers, and may overlook other employee constituencies' role in the enactment of strategies and their concomitant impact on firm performance.

## 2.12 THE BIG 5 APPROACHES TO PERSONALITY

A personality trait is a distinguishing characteristic feature of an individual. It is a dimension of personality that categorizes individuals according to the degree to which they manifest a particular characteristic. Personality traits are relatively stable over a period of time and show stability across varied situations. The five-factor model of personality, often termed the 'big five' can be used to describe the most salient aspects of personality and consists of five broad dimensions of personality, namely, extraversion, conscientiousness, openness to experience, agreeableness and neuroticism (Bergner, 2010).

### 2.12.1 Extraversion

Individuals who are extraverts get their energy from interacting with others. Extraversion includes traits such as being energetic, and confident. Extraverts find inspiration in the presence of others and always like to be dominant; they are very expressive, adventurous and vocal. Extraversion represents sociability and expressiveness; it is frequently associated with individuals being sociable, assertive, talkative and active (Nadkarni & Herrmann, 2010). Individuals high in extraversion are described as outgoing, gregarious, optimistic and upbeat (Weiten, 2010). Typically, people high in extraversion seek out the company of others and enjoy environmental stimulations, whereas those low in extraversion prefer to spend time alone and are more reserved, quiet and independent (Foulkrod, 2009). Stemming from the above descriptions business owners who have an extraverted personality can be associated with the need for affiliation since they seem to be sharing the same qualities. Such individuals are good at maintaining relationships with others; hence, business owners who are extraverts and have a need for affiliation can build good relations with their customers. For instance, the need for affiliation is the motive to seek interpersonal relationships. It is a recurrent preference in thought, behaviour and experiences of establishing, maintaining, and restoring positive affective relationships. It also refers to the need to draw near to and win the affection of others. People who have an inclination towards the affiliation motivation want to come together and spend time with others (Farooqi, 2014)

### 2.12.2 Conscientiousness

The individual with a high degree of conscientiousness are reliable and always ready. These individuals are always aiming to achieve in all that they do, taking accountability in everything they do or engage themselves in; they are trustworthy. (Foulkrod, Field & Brown, 2009) include aspects such as the ability to organize, goal-directed behaviour, holding impulsive urges in check, and working diligently. Similarly, Matthews & Whiteman (2009) also argue that people who are conscientious are competent, have order, are achievement striving and have self-discipline (Jalili & Mall-Amiri, 2015).

### 2.12.3 Openness to experience in relation to entrepreneurship

'Openness to experience' refers to people who like to learn new things and enjoy new experiences. This trait reflects the amount of intellectual ability and range of experience a person has, such as being understanding and creative and having a wide variety of interests; individuals with openness to experience are very persuasive (Kotov, Gamez, Schmidt & Watson, 2010). Nadkarni & Herrmann (2010) report that Openness to experience is strongly related to perceptions of performance and enhances a firm's performance and can thus be considered one of the most important personality traits for small business success; sometimes the trait can be referred to as 'intellect' Ozer & Benet- Martínez (2006) associate it with traits such as originality and open-mindedness as well as being artistic, insightful, imaginative and intelligent. Weiten (2010) also include traits such as being cultured, curious, flexible and having an unconventional attitude.

### 2.12.4 Agreeableness

According to Foulkrod, Field and Brown 2009, agreeableness represents the tendency to be noble (empathetic, kind, cooperative, gentle) trusting and compliant (modest, having a values affiliation and avoiding conflict). In other words, these individuals are friendly, cooperative, and compassionate. People with the trait of agreeableness are kind and friendly. In short, agreeable individuals are cooperative and polite rather than destructive and rude.

### 2.12.5 Emotional stability/ Neuroticism

The trait of neuroticism is about an individual's emotional stability and personal adjustment (Donaldson, & Ko, 2010). It involves experiencing a wide range of negative emotions such as anger, depression, anxiety, self-consciousness, and vulnerability. People high on neuroticism experience wide mood swings and are volatile in their emotions. On the other hand, people who are low in neuroticism are emotionally stable (Du Plessis, & Barkhuizen, 2012). They are calm, well adjusted, have a certain level of

contentment, and are not prone to extreme maladaptive emotional states. (Robbins, Judge, Odendaal, & Roodt, 2009). Neurotic individuals are prone to mood swings, are emotionally unstable, highly excitable and self-conscious (Weiten, 2010).

The reverse of neuroticism is referred to as 'emotional stability' which reflects the capacity of an individual to adjust their emotional state to the demands of the situation and being able to remain calm and balanced when faced with adversities and stressful situations. People with emotional stability are most likely to be calm and have self-confidence. Nadkarni & Herrmann (2010) and (Foulkrod, Field & Brown, 2009), argue that those with high neuroticism scores tend to be nervous, anxious, depressed and insecure. Similarly, emotional stability reflects the ability of individuals to adjust their emotional state to the demands of the situation and being able to remain calm and balanced when faced with adversities and stressful situations, business owners with neuroticism like to achieve in their business and will be able to communicate well with their employees and their customers since they are seen as calm people who are able to hold their emotions. In a business environment when a person is dealing with people, they need not always react to every situation.

### **2.13 PERSONALITY TRAITS [BIG 5] AND ENTREPRENEURSHIP**

Zaharjah (2010) reports that personality traits play an important role in influencing the individual's decision to become entrepreneurs, although some research question this (Johnston & Anderson, 2014). In line with Zaharjah, Baron & Henry (2010) and (Baron, Tang, & Hmieleski, 2011) it was found that personality traits affect the behaviour of entrepreneurs, however, these studies have focused more on the traits of actual entrepreneurs rather than individuals with potential to become entrepreneurs. Furthermore, in relation to people starting their own businesses, it is still not clear which personality trait is more prevalent when both the need for achievement and personality traits are combined (Zeffane, 2013). Although the relations are still unclear, Florin, Karri Rossiter (2007), Armstrong & Hird (2009) and Okhomina (2010) concluded that there is a relationship between personality traits and business owners' success. Different kinds

of personality characteristics which tended to trigger most debates in entrepreneurship literature are Extraversion, Conscientiousness and openness to experience. Individuals who have high levels of personality traits are more likely to have successful businesses. Below these personality traits are discussed

### 2.13.1 Openness to experience in relation to entrepreneurship

Openness to experience is of specific importance as it demonstrates the strongest influence and is the only trait that has a positive influence on both the financial and growth performance of a business. Such insights are provided to identify personality profile most suited to successful small business ownership. For example, Nadkarni & Herrmann (2010) contend that the personality of a business leader, such as, openness to experience influences the strategic decision processes and strategic actions of a firm which ultimately have implications for the firm's performance. Small business owners who are open to experiences are always on the lookout for new adventures and experience. They are the people who are not comfortable being in one position rather try out new things, people who have open to experience characteristics score high in becoming entrepreneurs. This is because entrepreneurs are risk takers and always focus on the goal they want to reach and are also creative.

### 2.13.2 Extraversion on entrepreneurship

Zeffane (2013) found that extraverts tend to be expansive, positive, and interested in seeking out excitement. Extraversion is also often associated with the characteristics of sociability, talkativeness and ambition. In addition, Canali (2006) reported that extroverts report more positive experiences than introverts. Deary, Mathews & Whiteman (2009) point out that, extroverts have the tendency to use problem-focused coping strategies that help them to have high self-esteem and to cope with life events effectively. Indeed, individuals with extraversion are more likely to succeed in their

business. They are more organized and are not quick in making decision to avoid mistakes. They are easy to socialize with and are ambitious in all that they do; this makes them successful in business ventures and they reflect a sense of dependability.

### 2.13.3 Neuroticism stability dimension on entrepreneurship

Stapleton, Henderson, Creedy, Cooke and Patterson (2015) argue that people high on neuroticism exhibit unscrupulous traits and behavioural tendencies. They show lack of emotional control and will power with an added characteristic of slowness in thought process and activity; even small things perturb them. Neurotic individuals, usually, do not succeed in their businesses because as an entrepreneur, an individual must be very self-confident and resilient when faced with stress (Grucza, & Goldberg, 2007). They need to work in stressful and highly unstructured environments and need not to worry excessively; their emotional instability does not, generally, allow them to start their business (Heller, Komar, & Lee & 2007). Basically, people who are neurotic do not succeed in being entrepreneurs as the latter need a high tolerance to stress to cope with the hard work, significant risks, social isolation, pressure, insecurity, and personal financial difficulties that come from starting their own businesses (Rauch & Freese, 2007). People with high neuroticism are high on suggestibility and low on sociability, although, such people are also characterized by increased emotional impulsiveness.

### 2.13.4 Agreeableness in relation to entrepreneurship

Agreeable individuals are cooperative, trusting, forgiving, tolerant, courteous and soft-hearted (Schulze & Roberts, 2006). Agreeable people are less likely to start businesses because people with this trait are less likely to pursue their own self-interest, are reluctant to drive difficult bargains, or use others to achieve their objectives. Compared to other personalities, agreeable people also are more doubtful than others which make them more likely not to succeed in their businesses. Zhao & Siebert (2006) confirm that there is a negative link between agreeableness and being an entrepreneur.



### 2.13.5 Relationship between conscientiousness and entrepreneurship

Antoncic (2009) stresses that conscientiousness as a personality trait is the most consistent predictor of individuals who are most likely to achieve in their businesses. Conscientiousness indicates an individual's degree of organizational persistence, hard work and motivation in the pursuit of goal accomplishment; these individuals are achievement-oriented and dependable. Business owners with this type of personality are considered as the most consistent people and they produce increased results on job performance. Most recent research argues that a business person is driven by personal traits and attitudes (Armstrong & Hird 2009; Turker & Selcuk 2009; Okhomina, 2010).

## **2.15. RELATIONSHIP BETWEEN N-ACH AND PERSONALITY TRAITS (BIG 5)**

The relationship between n-Ach and personality still remains unclear (de Pillis & Reardon 2007), hence to establish whether there is a relationship between personality traits still requires an expanding research. Although there seems to be no clear relation between n-Ach and personality some research, (Owoseni, 2014) argues that need for achievement can also be defined as motivation. Extraverted individuals are creative and have high levels of innovativeness and have the aspiration to start their own businesses. These findings points out that need for achievement and personality traits play major roles in inspiring an individual to start his or her business (McNiel & Fleeson, 2006)

Among the big 5 personality traits, conscientiousness, openness to experience and extraversion seem to be positively associated with the intrinsic need for achievement (Major, Turner & Fletcher 2006). This refers to the desire to work hard towards a goal in order to attain some external reward or compensation (Sung, & Choi, 2009). Aspects of conscientiousness, like self-discipline, responsibility, organization, and determination are qualities that enable an individual to achieve excellence, confront difficult situations, and overcome challenging situations – all that involves an inclination towards the

achievement motivation (n-Ach) (Tremblay Blanchard, Villeneuve, Taylor, & Pellstier, 2009). An individual high on the trait of conscientiousness can then be said to be more inclined towards need for achievement. Being a visionary enables an individual to have farsightedness that would enable him/her to achieve a sense of excellence (Faaroqi, 2014). It is also a high level of self-awareness that is required for an individual to actually think of such goals and have a drive to achieve them (Watanabe & Kanazawa, 2009). An individual high on openness can then be said to be more inclined towards the need for achievement (Kark, & Van Dijk, 2007). Extraversion, agreeableness and neuroticism are positively related to extrinsic achievement which refers to the desire to work hard towards a goal.

The following section examines empirical studies on human resource management strategy across various situations.

## **2.16 HUMAN RESOURCE MANAGEMENT STRATEGIES**

### **2.16.1 Definition**

Human Resource Strategy outlines the vision of an organisation. An HR strategy helps employees to take decisions and is also useful in easing communication between employees and managers and helping to create team spirit amongst employees. HR strategies outline what an organisation intends to do about its human resource management policies and practices and how they should be integrated with the business strategy and with each other (Grigore, 2008). Human Resource strategy plays a very important role in an organization because without it, there can be no clear vision within the organization. A documented HRM strategy helps the organization to develop an HRM vision and objectives and to monitor performance (Khatry & Budhwar, 2011). The full impact of HR practices on organizational performance occurs when HR practices are strategically congruent and consistent with each other (Moideenkutty, Asya & Sree, 2011). Specifically, human resource strategy is all about involving employees in decision-making and treating employees as resources; it is about being

different. It means deliberately choosing a different set of activities to deliver a unique mix of values.

## 2.17 SIGNIFICANCE OF HR STRATEGIES

The purpose of HR strategies is to guide development and implementation programmes (Kamoche, 2010). They provide a means of communication to all concerned with the intentions of the organisation; it is about how its human resources will be managed. HR strategies enable an organization to measure the progress and evaluate outcomes against objectives therefore; a well-planned strategy can contribute enormously to the success of a business (Toh, Morgeson & Campion, 2008). To be effective in organisations, HR strategies must be consistent with other aspects of the organization, appropriate HR strategy to be in place, an organization can elicit employee behaviours that are consistent with an organization's strategy (Rose & Kumar, 2006). A good HR strategy is one which actually makes people feel valued; it makes them knowledgeable about the organization and makes them clearly understand about where they sit, as a group, team or individual (Miller, 2009). The policies must show people how what they do, either together or individually, fits into the strategy (Thite, 2012)

Kutanis Mesci ,Comlekci, and Sahin (2012) assert that HR strategy has the most significant impact on what employees actually do on the job. Such as when the strategy focuses on customer service, for it will affect aspects like, whether employees are friendly and helpful, whether they give the right answers and solve customers' problems. If the strategy is about efficiency, it will encourage employees to look for ways to lower costs or operate more efficiently. The bottom line is that what employees actually do will decide how well the HR strategy has been executed (Alharthey, Khalaf. & Rasli, 2011). In the end, what employees do is the critical link in executing strategy. What employees do depends on what they have and feel. HR strategies need to focus simultaneously on building skills, motivation and behaviour for a successful business. These strategies are liable for improving competitive strategy of a business, thus, are

likely to increase competitive success of a business (Islam, Khan, Obaidullah & Alam, 2011).

HR strategies help improve employee performance in the workplace by providing employees with expanded responsibilities so that they can make full use of their skills and abilities and promote positive attitudes (Khan, 2018). These do not only help to improve employee performance, they also help them to assist organisations in gaining a sustainable advantage, (Burma, 2014). For example, HRM strategies aim to support programs for improving organizational effectiveness by developing policies such as knowledge management and generally creating a great place to work (Nagendra, & Deshpande, 2014). One of the most important features of human resource management strategy, therefore, is its ability to make the connections between human relations applications, and the general strategic aims of the business effective (Morrow & McElroy, 2009).

Abduli, (2013) reported that human resource management functions and strategies are becoming increasingly important considering the growth of the knowledge-based economy; clear human resources management strategy creates good opportunities to ensure efficiency within the business

Theoretical literature suggests that human resources strategies increase productivity and motivation within a business; moreover, HR strategies contribute to business strategy through strategic innovations or technical competence (Rauch & Frese, 2010). Strategy is about building sustainable competitive advantage that in turn creates above-average financial performance (Benet, 2011).

Allen (2006) argues that the involvement of human resource management systems will have a positive influence on small businesses and are known to be drivers of small businesses. Developing strategic business partnership is also absolutely critical to the success of strategically-integrated HR programs. So many SMEs are owner-operated and have few or no employees, hence, their HR practices are informal and reflect principles rather than specific practices. (Palthe & Kossek, 2008).

## 2.18 TYPES OF HUMAN RESOURCE STRATEGIES

An organization's strategy is best discerned by its behaviour and actions. Behaviours are driven by what a firm value most which manifests in the capabilities and HRM practices it wants to develop to suit its competitive position in the market place. All HR strategies are different; there is no such thing as a set of standard characteristics; some strategies are simply very general distribution of intent, while others go much into detail (Steward & Brown, 2009). Even though HR strategies seem to be important in organisations, literature is lacking on the use of HR strategies in small businesses. It is, therefore, important for small businesses to have strategies, since to ensure proper management of employees, the most common ones are make-orientation and buy-orientation.

It is clear that HR functions can be carried out using different HR strategies. Basically there are two HR strategies that are most commonly used - make and buy orientation strategy - and they are discussed below.

### 2.18.1 The Make orientation in HR strategy

The Make-orientation strategy involves an organization recruiting personnel externally for entry-level positions and developing them through intensive training (Tanova & Karadal, 2006). Intensive training of entry level employees includes teaching them basic business skills (Thornton, 2009); owners/managers who teach their employees such skills view them as long term and they want to invest in them. Make-orientation strategy firms rely on internal labour markets for development of human capital, hence, they invest heavily in the personnel (Hugh & Mauray, 2007). Malik & Rowley (2015) argue that firms that follow a make-strategy also invest in training to retain employees; such training supports both the organizational need and employees' career aspirations. What this means is that for high level positions or promotional posts, owners of small businesses would first promote employees who are already in the business, rather than recruiting personnel from outside (Beadles, 2014).

Businesses which use this strategy ensure that their employees have enough job security to feel comfortable at their place of work. Owners who use this strategy value their employees and they value the organisation (Harter, Schmidt, Hayes & 2012). The make orientation can also be called 'defender organization strategy'. Defender organizations have a narrow stable product market and their human resources career systems are primarily concerned with building and developing their internal labour market (Stroh & Reilly, 2011). Furthermore, prospector organizations do not spend too much time thinking about changes that do not directly influence them in their current operations; in such operations, organizational efficiency receives priority (Tanova & Karadal, 2006). Business owners who use this strategy have an agreeable personality; they are not demanding and tend to be cooperative, are polite rather than destructive and rude and can be associated with the need for affiliation character trait.

#### 2.18.2 The Buy orientation strategy

The Buy-orientation strategy is characterised by reliance on the external labour market to provide the needed knowledge and skills (Anderson, 2011). This type of orientation is mostly associated with transactional contracts, so the necessary talent may be recruited from outside the organization (Hugh & Mauray, 2007). It is possible to assume that small business owners who use the buy-orientation strategy want to work with employees who already have experience. A business that wants only experienced personnel values its services and the reliance on external recruitment reduces human resources costs, such as those involved in training (Breaugh, 2009). In such organizations, employees are likely to leave the organization looking for more secured organizations which caters for them (Tanova & Karadal, 2006). Workforce changes may mean the business also needs change and some employees may be redundant. The buy orientation strategy is a more flexible strategy and focuses more on innovation and creativity while employee performance is measured by outcomes. This strategy is also called 'prospector strategy'. Research by Kalkan, Erdin and Çetinkaya (2011) states that prospector strategies are externally oriented and strives to prepare for the unexpected. A prospector distributes power across different parts of the organisation in

order to encourage flexible and innovative behaviour that will enable him/her to locate and exploit opportunities for new ventures. Business owners who use this strategy are extraverts and open to experience in personality and would have high need for achievement (Müller & Gappisch, 2005). Owners who use this strategy need employees who can take risks and are not afraid of trial and errors. That is one of the reasons owners of small businesses cannot afford to recruit inexperienced employees since the businesses operate in an unstable environment. With the buy-orientation strategy the reliance on eternal recruitment reduces human resources costs such as those for training (Frank, Lueger & Korunka, 2007). Accordingly, prospector companies prioritize new product and service development and innovation to meet new and changing customer needs and demands (Gumusluoglu & Acur, 2016).

## **2.19 N-ACH, PERSONALITY AND HRM STRATEGIES**

The study aims to explore whether there is a relationship between the three variables - N-Ach, personality and HR strategies. Very little has been written on these three together, for example, research findings by Hasso (2013) highlight that HRM strategies and personality traits jointly affect a firm's performance and should be regarded as complements rather than substitutes. There is lack of literature on the relationship between n-Ach, personality and HRM strategies. However some studies have focused on the fact that the need for achievement moderates the relationship between competence and need satisfaction and the subsequent motivation that is focused upon (Quirós, 2009) A study conducted by Rose & Kumar (2006) show that although firms may have the capital and technology, however, their human resource will also help the firms to face all the challenges that the businesses come across. Research by Webb and Norton, (2009) proves that money and technology can be accumulated but human resource strategies within the organization must be right and appropriate to encourage motivated. The researchers Rose and Kumar further argue that availability of high involvement of HRM strategy will influence firms' performance positively. Hasso (2013) have focused on the relationship between the big five personality traits and innovation

performance, other investigations show that combinations of CEOs' personality traits will have a positive impact on innovative performances of SMEs.

Some research (Tan and Nasuridin, 2011) results point out that the relationship between HRM strategies and the Big 5 personalities is a crucial one, as these traits compensate each other. For instance, the results show that a CEO who reveals a low level of openness to new experience and extraversion can affect any innovative performance if the collaborative HRM practices are high (Nadkarni, & Herrmann, 2010). A highly conscious CEO can compensate a low level of collaborative HRM practices, therefore, both HRM practices and the CEOs' personality traits are jointly fostering any innovative performance of SMEs (Entwistle, 2008).

Limited literature is available on the relationship between the three variables (n-Ach, personality and HR strategy); however, there is a strong relationship between n-Ach and the make orientation which is an HR strategy (Gold, Walton, Cureton, & Anderson, 2011). This is because individuals who operate within these variables are influenced by the desire to achieve and are goal-driven and have a hunger for success (Stauffer, 2015). For example, n-Ach refers to an individual's desire for significant achievement (Orehek, & Forest, 2016) while the make orientation is about retaining employees and ensuring that the business invests in its employees (Awan, 2013). This supports the assumptions that there is a relationship between the variables because they aim at making the best out of something or someone.

Knowledge is assumed to reside in an individual and given the role of HRM strategies in influencing an individual's attitude and behaviours, it is believed that HRM practices have significant and positive relationship on organizational innovative practices via knowledge management. Based on previous studies (de Kok & Hartog, 2006) it was shown that a firm's size is influenced by the adoption of many HR instruments or HR strategies.



## 2.20 CONCLUSION/SUMMARY

This chapter focused on the three main variables (n-Ach, personality and HR strategies) in small business and areas for further study in respect of this study titled “*The impact of need for achievement (n-Ach) and personality on human resources strategies among SME owner-managers*”, This study investigated whether Small and Medium Enterprise owners who are highly motivated are most likely to set difficult but achievable goals and whether their personality traits would have an impact on the type of HR strategy they chose for their businesses. The question also was whether those who are low in motivation would not set difficult goals and would not succeed in their businesses. This study therefore suggests that small business owners should have high levels of need for achievement and use HR strategies which are flexible and suitable for their businesses to succeed. Literature shows that there is no research on the effect of the combination of Need for achievement, personality and HR strategies on SMEs. It is with this background that the present study has made in an attempt to research into the relationship among these three variables.

## **CHAPTER 3: METHODOLOGY**

### **3.1. INTRODUCTION**

The previous chapter provided the theoretical framework for the study, followed by a review of relevant literature; the reviewed literature contextualized the problem under investigation. This chapter presents the research methodology and design for the study. The chapter describes the research philosophy/paradigm, research design and approach, population, sampling method, sample size, data collection, validity and reliability of data collection instrument, and data analysis employed in the study.

### **3.2. MAIN RESEARCH QUESTION**

The main research question of the study is: What is the impact of need for achievement and personality on HRM strategies among small businesses in Mangaung Metropolitan area? Following this main question, the specific research questions formulated to answer the main research question were:

1. Is personality a significant determinant of HR strategies among small business owners?
2. Is the need for achievement (N-Ach) a significant determinant of using a particular HR strategy among small business owners?
3. When both personality and need for achievement are considered, which of these variables is most prevalent in affecting the use of a particular HR strategy by small business owners?

### **3.3. RESEARCH OBJECTIVES**

1. To examine the impact of N-Ach and personality on HR Strategies among SME owner-managers.

2. To determine the impact of personality on HR strategies.
3. To investigate the impact of N-Ach on the use of HR strategy among SME owners.
4. To examine if personality and N-Ach are determinants of use of a particular HR strategy in SME's business.

### **3.4 HYPOTHESES**

H<sub>0</sub>: Personality is not a determinant factor which will influence owners of small business to use a particular HR strategy

H<sub>1</sub>: Personality is a determinant factor, which influences owners of small businesses to use a particular HR strategy

H<sub>0</sub>: Need for achievement (n-Ach) is not a significant determinant, which influences owners of small businesses to use a particular HR strategy.

H<sub>2</sub>: Need for achievement (n-Ach) is a significant determinant, which influences owners of small businesses to use a particular HR strategy.

H<sub>0</sub>: When both n-Ach and personality are considered, n-Ach is not the most significant factor which influences business owners to use a particular HR strategy.

H<sub>3</sub>: When both n-Ach and personality are considered, n-Ach is the most significant factor which influences business owners to use a particular HR strategy.

### **3.5. PARADIGM**

A paradigm in research is defined in numerous ways. Neuman (2011) states that a paradigm is best described as a whole system of thinking, while Collis & Hussey (2009) add that a research paradigm is a basic set of beliefs that guide action in research. Predominantly, there are three types of paradigms, namely, positivism, post-positivism (also known as interpretivism) and pragmatism (McGregor & Murnane, 2010).

Positivism holds the view that science or knowledge creation should be restricted to what can be observed and measured, and it tends to rely exclusively on theories that can be directly tested (Bhattacharjee, 2012) or hypotheses that must be proved or

disproved (Cohen Manion, & Morrison 2007; Mack, 2010). Positivists agree that one cannot make meaningful observations without theories, but it insists that in order to qualify as scientific knowledge, research must test theoretical constructs against the reality of empirical facts (Mouton, 2007). Scotland (2012) views interpretivism, as subjectivism, which is based on real world phenomena. It is concerned with interpreting and understanding phenomena through meaning that people attach to them; for example, how people make sense of their world and the experiences they have in the world (Merriam, 2009). Interpretivism, therefore, emphasises the ability of an individual to construct meaning (Mack 2010), which implies subjective reality. Furthermore, Scotland (2012) asserts that knowledge produced by the interpretive paradigm has limited transferability as it is usually fragmented and not unified into a coherent body.

Given these considerations, the positivist paradigm which is closely associated with quantitative methodology, was adopted for this research to predict the adoption of HR strategies from the sample, using personality and n-Ach as independent variables. The prediction involves hypotheses generation, objective observation and measurement of phenomena, in this case, HR strategies, personality and n-Ach.

Additionally, a researcher's chosen paradigm determines the research design (Cooper & Schindler, 2008); in the present study, the research design adopted is explained below.

### **3.8. RESEARCH APPROACH**

There are two dominant research approaches - qualitative and quantitative. Creswell (2011) defines quantitative research as a means of testing objective theories by examining the relationship among variables. Similarly Conrad & Serlin (2011) describe quantitative research approach as deductive in that the inferences from tests of statistical hypotheses lead to general inferences about the characteristics of a population.

Johnson and Christensen (2008) explain that the quantitative approach is a structured one, in which all aspects of the research process are decided upon before data collection begins. Meanwhile Joubish, Khurram, Ahmed, Fatima & Haider (2011) assert

that qualitative research aims at developing explanations of social phenomena; it helps us understand the world in which we live and why things are the way they are. Based on the above differences, a quantitative approach was considered appropriate for the present, given that the objective of the researcher was to predict the adoption of HR strategies from the sample, using personality and n-Ach as independent variables. Prediction means using some statistical quantifications, stating and testing hypotheses, and drawing conclusions and inferences from numbers; these are typical characteristics of the quantitative research approach.

### **3.9. RESEARCH DESIGN**

A research design is an overall plan for the methods and strategies to be used to collect and analyse the data of a research study (Hair, Wolfinbarger, Bush & Ortinau 2008). Similarly, Flick (2007) describes a research design as something you use to answer a research question rather than something that exists in isolation. An overall perspective of a research design is that it is an outline of all procedures involved in achieving aims and objectives of the research (Ijabadeniyi, 2014). A research designs can be classified based on certain descriptors, such as, time dimension (cross-sectional or longitudinal), methods of data collection (observational or communication study), the purpose of the study (descriptive or causal study), the degree to which the research questions have been crystallised (exploratory or formal study) (Mertler & Charles, 2008).

Considering the discussion on paradigm presented previously, this study adopted a descriptive, cross-sectional comparative research design. This is because relationships were described and comparisons made as opposed to causally being sought, and that data were collected in a short space of time, spanning three months. A comparative research design enabled quantitative comparisons of the constructs under investigation, that is, motivation, personalities and HR strategies. Mills, van de Bunt & de Bruijn (2006) state that the primary goal of a comparative study is to search for similarities and variances. In the present study, the selected design was therefore used to reveal unique aspects of a particular entity used by small business owners.

### 3.10. POPULATION

Schindler and Schindler (2006) define population as the total collection of elements about which we wish to make inferences. Similarly, Adu-Darkoh (2014) defines population as the group of elements that possess the information sought and about which inferences will be made. For the current research, the population consists of owner/managers of registered small businesses in the Mangaung Metropolitan area. The Mangaung Metropolitan area covers Bloemfontein, Botshabelo, Dewetsdorp, Thaba Nchu, and Wepener, as indicated in the map below.

**Figure 3. 1: Map of Mangaung Metropolitan area**



**Source: Free State Provincial Government 2017**

### 3.11. SAMPLE AND SAMPLING PROCEDURE

#### 3.11.1 Sample

Sampling refers to the selection of a subset of persons, elements or things from a larger population, also known as a 'sampling frame' (Scott & Morrison, 2007). A carefully-chosen sample is necessary if one wishes to obtain information that is representative of a particular population, so that accurate inferences can be drawn about the population that the sample represents (Campbell & Swinscow, 2009).

#### 3.11.2 Sample size

Tustin (2005) defines a sample as a sub-group of the population that is selected to participate in the research. The sample size usually depends on the population to be sampled, and there are different rules to determine sample size, for example, in regression analysis, many researchers advise that there should be at least 10 observations per variable. If we are using three independent variables, then a clear rule would be to have a minimum sample size of 30. Researchers use different statistical formula to calculate the sample size (Tangwo 2012), thus, in the present study, a sample size calculator was used to determine the required sample size or the quantitative sample for study. Ary, Jacob, Sorensen & Walker (2014) claim that the most important characteristic of a sample is its representivity, and not necessarily its size. In accordance with this claim, the determined sample size for the study was calculated as follows: Confidence interval: 95%; Population: 390; Margin error 5%, therefore, the determined sample size for the study was, 194 SME owner-managers.

#### 3.11.3 Sampling

According to Cant (2010), there are two major types of sampling designs - probability and non-probability. Probability sampling involves selection methods in which all the elements of a sample are chosen through a random process. Also, probability sampling allows the researcher to make inferences from information about a random sample to

the population from which it was drawn (Fatoki, 2011). An example of probability sampling technique is simple random sampling. Williams (2007), defines this process as a probability sampling in which each element in the population has a known and equal probability of selection. In the current study, simple random sampling technique was used, by which the researcher obtained the addresses of the 390 SMEs in the area of the study, and randomly distributed a questionnaires to the owner/managers willing to complete.

### **3.12 DATA COLLECTION**

Data collection is a process of systematically collecting information about objects of the study and about the setting in which they occur (Chaleunvong, 2009). The types of data collection instruments usually used in research are questionnaires and interviews. A questionnaire is a social research techniques which usually contains questions aimed at obtaining specific information on various topics (Maime, 2014). Schnalke (2012), concurs that a questionnaire is a pre-formulated written set of questions to which respondents record their answers and it should provide just the right amount of information

For this study, data were collected using self-administered, Likert-structured questionnaire. The researcher preferred to use questionnaire because, according to Milne (2010), there are advantages in using questionnaires. One of the advantages is that, data collected by questionnaires is already standardised, therefore questionnaires allow respondents enough time to consider answers to the questions asked. In addition, questionnaires are straight forward and they saved time rather than interviews which can be time-consuming and not covering a large group of the targeted respondents.



### 3.12.1 Measuring Instrument

The measuring instrument for this study was divided into four sections (A-D): **Section A** solicited information on the demographic characteristics of the respondents, that is, gender, age, marital status, number of years the business has been in operation, how and when the business was started, education level and form of business ownership; **Section B** had items measuring motivation levels of managers, that is n-Ach. The items were developed by Kentucky and McClelland (1965) **Section C** had items measuring small business owners' personalities using the Big Five personality traits of extraversion, agreeableness, conscientiousness, neuroticism and openness. The items measuring these traits were developed by Cattell (1940); **Section D** had items measuring human resources strategies. The researcher developed these questions using literature reviewed on human resources strategies. All items in sections B, C and D were measured on a 5-point Likert Scale items ranging from (1) *Strongly Disagree* to (5) *Strongly Agree*.

### 3.12.2 Administering Questionnaires

A letter requesting permission to conduct a study within different SMEs was written by the researcher with the assistant of the supervisor. The letter was addressed to SME owners/managers in the Mangaung Metropolitan area. The researcher secured appointments with willing owner/managers of small businesses to further explain the main aim, purpose, confidentiality and anonymity issues of the research. Upon being granted the permission, a total of two hundred (200) questionnaires were randomly distributed in the selected five towns in the Mangaung Metropolitan area (Bloemfontein, Botshabelo, Dewetsdorp, Thaba Nchu and Wepener). The questionnaires were administered to and retrieved from the respondents by the researcher. Data collection was done over a period of three months.

This process of distribution and retrieving of the questionnaires in person was taken for two reasons as suggested by Ahadzie (2007); first, to make sure that the questionnaires got to the intended recipients and, secondly, to help improve the response rate. Some of the completed questionnaires were collected on the same day while others were

collected later, from the respondent. The hand-delivery strategy required a lot of travelling to and from the SMEs' premises. The researcher made repeated calls to respondents to ensure that the questionnaires were completed timeously, thus, of the two hundred questionnaires distributed, 180 were completed and returned, representing 90% of the targeted population

### 3.12.3 Reliability and Validity of Questionnaires

Reliability and validity are two very essential features of a good research instrument. Cooper and Schindler (2003), caution that a researcher is responsible for ensuring that the evidence and conclusions from a research can stand up to scrutiny. Cozby (2009) believes that the internal validity of a research study is the extent to which its design allows the researcher to draw accurate conclusions about cause-and-effect relationships. External validity refers to how a study's results can be generalized to a larger population. According to Garwe (2015) the following types of validity are usually considered when designing and evaluating a research study - face, content and construct validity.

- Face validity refers to the fact that the concept being measured is done appropriately (Oluwatayo, 2012).
- Content validity refers to the use of measures that incorporate all of the meanings, associated with a specific concept.
- Construct validity is associated with a measure encapsulating indicators that are theoretically sound.

#### 3.12.3.1 Face Validity

For face and content validity, the researcher used experts like statisticians and HR experts for items like, structure of the questionnaire, wording of the items, relevance of items and length of questionnaire, to name just a few.

### 3.12.3.2 Construct Validity

Construct validity refers to the extent to which an empirical measure accurately reflects the concept it is intended to measure, yielding scores that reflect the true variables being measured (Tangwo,2012) In other words, construct validity refers to the soundness of the interpretation of scores from a test, the most important consideration in measurement (Mahoney, 2008). In the current study a thorough literature review of the constructs for the study was carried out. This review resulted in the identification of operational definitions and elements of the constructs, and concepts under investigation in compliance with Goodwin's (2010) suggestions for ensuring construct validity.

### 3.12.3.3 Content validity

Content-related validity is also another type of validity. As its name implies it explores how the content of the assessment performs. In order to determine content-related validity the researcher is concerned with determining whether all areas or domains are appropriately covered within the assessment. Furthermore, it deals with how the assessment is designed, for example the size of the font, sufficiency of work space for learners, correct language usage and clarity of instructions (Fraenkel & Wallen, 2003). With the original PIPS instrument the content-related validity was carefully considered and of a high standard.

### 3.12.3.4 Ensuring Reliability

Reliability is the degree to which the measurement of a construct is consistent or dependable (Bhattacharjee, 2012). In other words, if an instrument is used to measure the same construct multiple times, the results should be the same every time, assuming that the underlying phenomenon is not changing. Mtazu (2009) claimed that reliability of results assumes that, if another person or if the same person used the same method at another time, the results should be the same. This implies that, a credible data-collecting instrument that seeks information from different people at different times

should yield more or less the same results. In this light, the researcher developed a questionnaire to collect data, and care was taken to avoid using ambiguous questions that respondents would find difficult to interpret or to answer. To determine the reliability of the questionnaire, the researcher used the Cronbach Alpha Coefficient to determine the internal consistency of the scale items. Rubin and Babbie (2010) posit that an alpha value of 0.80 and above indicate that the instrument is reliable. The results presented in the next chapter attest to this.

### 3.13 DATA ANALYSIS

Schwandt (2009) states that data analysis usually involves the reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. It also includes the interpretation of the research findings in the light of the research questions, and determines if the results are consistent with the research hypotheses and theories. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in accordance with the different business, science and social domains (Cooper & Schindler, 2003). Data analysis for this study was done using descriptive and inferential statistics.

#### 3.13.1 Descriptive statistics

Gerber- Nel & Kotze (2005) state that descriptive statistics are used to describe the basic features of the data in a survey; they are used to describe the main features of a collection of data in quantitative terms. They provide simple summaries about the sample and the measures. Together with simple graphic analysis, they form the basis of virtually every quantitative analysis of data. Descriptive statistics help to simplify large amounts of data in a sensible way (see specific details of the descriptive statistics in the next chapter). Descriptive statistics in the study were specifically used to summarize the sample characteristics and to indicate the frequency distribution of items measuring the key variables of the study personality and HR strategy.

### 3.13.2 Inferential statistics:

#### 3.13.2.1 Logistic regression analysis

Logistic regression is well suited for describing and testing hypotheses about relationships between a categorical outcome variable and one or more categorical or continuous predictor variables (Tangwo, 2012). Similarly, Maxwell (2009) describes logistic regression analysis is an essential tool used in the analysis of the relationship between various explanatory variables and nominal response variables. Regression analysis was used to determine or predicts if any of the personality variables predicted two HR strategies - whether n-Ach predicted HR strategy and whether, when combined, which one predicts a specific HR strategy more than the other.

### 3.14 ETHICAL CONSIDERATIONS OF THE STUDY

When conducting a research, researchers must do so in as ethically sensitive manner as possible (Cone & Foster, 2006). It is, therefore, important that moral behaviour be considered upon conducting a research. In this research, the respondents were assured that their responses would be kept confidential. The researcher sought informed consent from the respondents and assured them of the confidentiality and transparency of the information being sought. The researcher also informed the respondents that the information sought was solely for academic purposes. The respondents participated voluntarily in the study.

To ensure that ethical issues were adhered to, the researcher considered the following ethical issues relevant for this study:

1. Benefit of the study: the benefit of this study was thoroughly explained to respondents during data collection period to avoid misunderstandings of why the study was being done.
2. Ensuring voluntary participation – the researcher informed participants of the purpose of the study, and that participation in the study was completely voluntary.

3. Ensuring anonymity and confidentiality: the researcher attached a covering letter to the questionnaire to assure the research participants of their anonymity and confidentiality of their information.
4. Obtaining institutional ethical clearance: the researcher obtained ethical clearance from the relevant committee in the faculty.

### **3.15. CONCLUSION**

This chapter presented an overview of the research methodology employed in this study. A positivistic paradigm was followed and the study was mainly quantitative. The data collection and data analysis for the study were also discussed in this chapter. The data collected were analysed using descriptive, correlation and regression statistical procedures. The chapter concluded with a discussion on ethical considerations. The next chapter will present the analysis, results and discussion of the finding of the study.

## CHAPTER 4: RESULTS AND DISCUSSION

### 4.1 INTRODUCTION

The previous chapter presented the methodological foundation of the study. This chapter presents the empirical findings and the discussions thereof. To begin with, the demographics characteristics of the sample of small business owners and the businesses themselves are presented. This is followed by a presentation of descriptive statistics (reliability analysis) of the different items of the variables of interest to the study, that is, the need for Achievement, personality and human resources strategies. Thereafter, results of the regression analysis that was used to test the research hypotheses are presented.

As previously indicated, the purpose of the study was to investigate the impact of the need for Achievement and personality on HR strategies amongst small business owners. The following were the hypotheses for the study:

H<sub>1</sub>: Personality is a determinant factor which will influence owners of small businesses to adopt a particular HR strategy.

H<sub>2</sub>: The need for achievement (n-Ach) is a significant determinant, which will influence owners of small businesses to adopt a particular HR strategy.

H<sub>3</sub>: Personality and n-Ach can influence business owner to adopt a particular HR strategy.

H<sub>4</sub>: N-Ach has a mediating effect on the relationship between personality and a particular HR strategy.

## 4.2 RESPOSE RATE

## 4.3 DESCRIPTIVE STATISTICS RESULTS OF THE SAMPLE

The following section presents the descriptive statistics of the sample of the study

### 4.3.1 Sample statistics of the respondents

Table 4.1 shows that, the study drew participation from more males (53.9%) than females (46.1%). The 31-40 year age category was the most represented (36.7%); this was closely followed by the 21-30 age group (27.8%). Most of the participants were married (55%) with 29.4% having never been married before. In terms of qualifications of the respondents, 38,3% were in possession of Diplomas/degrees while 28.3% had certificates. As shown in Table 4.1, 37.2% of the respondents' businesses have been in operation for between one to five years. The findings on age category resonate with studies by Kuratko & Audretsch (2009) who found that there are two natural age peaks which correlate to entrepreneurship, namely, the late twenties and mid-forties. Regarding the low number of women in the sample, Delmar & Wiklund (2010) point out that very few women own business or hold managerial positions in organisations because of their house-hold responsibility and other family commitments. The fact that most of the respondents have a degree or a diploma is supported by Isaga (2015), who contend that individuals with higher levels of education can easily manage their businesses while those with lower levels are less likely to succeed.



**Table 4. 1: Sample statistics of the respondents**

Demographic Variables	Category	Frequency	Percentage
<b>A1. Gender</b>	Female	83	46.1%
	Male	97	53.9%
<b>A2. Age</b>	Below 21 years	8	4.4%
	Between 21 -30	50	27.8%
	Between 31-40	66	36.7%
	Between 41-50	37	20.6%
	More than 51 years	19	10.6%
<b>A3. Marital status</b>	Never married	53	29.4%
	Married	99	55.0%
	Divorced/Separated	14	7.8%
	Widowed	14	7.8%
<b>A4. Qualification of Respondents</b>	Below Gr.12	11	6.1%
	GR.12	47	26.1%
	Certificate	51	28.3%
	Diploma/Degree	69	38.3%
	Other	2	1.1%
<b>A5. Number of years in operation</b>	Less than 1 year	26	14.4%
	between 1 to 5 years	67	37.2%
	between 6 to 10 years	46	25.6%
	Between 11 to 15 years	25	13.9%
	More than 15 years	16	8.9%

#### 4.3.2 Sample statistics for the businesses

Different sectors of the businesses were identified and listed on the questionnaire. The results in Table 4.2 below show that, most of the respondents' businesses were self-started (62.8%) and were scattered across various industrial sectors, with the construction industry having the highest representation in the sample (22.8%). Table 4. 2 also shows that the most represented form of business ownership was private companies with 38.9% research participants. Research by Raiz, (2012) shows that in South Africa the construction industry has become one of the best industries to invest in because of the growth in demands for houses, hospitals, schools, hotels, and others. The findings on ownership of businesses concur with a study by van Vuuren and Groenewald (2009) which states that more than 50% of all small businesses in South Africa are close corporations and sole proprietors.

**Table 4. 2: Background information of businesses in the study sample**

Business profile Variables	Category	Frequency	Percentage
<b>A6. How the business started</b>	Self-Start	113	62.8%
	Inherited	20	11.1%
	Purchased	21	11.7%
	Leasing	19	10.6%
	Other	7	3.9%
<b>A7. Sector of the business</b>	Agriculture & Forestry/wildlife	12	6.7%
	Business & Information	15	8.3%
	Construction/Utilities/Contracting	41	22.8%
	Education	3	1.7%
	Finance & Insurance	14	7.8%
	Food & Hospitality	28	15.6%
	Gaming	4	2.2%
	Health services	1	0.6%
	Motor Vehicle	10	5.6%
	Natural Resources/Environmental	4	2.2%
	Personal Services	14	7.8%
	Real estate &housing	4	2.2%
	Safety/Security & Legal	5	2.8%
	Transportation	4	2.2%
Other	21	11.7%	
<b>A8. Form of ownership for the business</b>	Sole Trader	37	20.6%
	Partnership	18	10.0%
	Private Co.	70	38.9%
	Public Company	17	9.4%
	Other	38	21.1%

#### 4.4 SUMMARY STATISTICS OF THE CONSTRUCTS

This section presents the summary statistics of the three constructs: need for Achievement, personality and human resources strategies. The section begins with descriptive statistics of the items comprising the need for Achievement constructs.

##### 4.4.1 Need for Achievement

Table 4.3 shows that, most of the participants (89.4%) *agree/strongly agree* that feedback is needed when doing a job whilst most of the respondents (83.3%) also *agree/strongly agree* that, they feel uncomfortable if they have unfinished tasks. Only 61.1% of the participants are deadline-driven, *agreeing* that they work better if they are given deadlines. For most employees, receiving feedback is deemed to be important as it helps in identifying performance challenges for the designing of appropriate strategies for improved performance and growth (De Janasz, Dowd, & Schneider, 2009; Kobeleva & Strongman (2011). Consistent with these results, a study conducted by Longenecker (2010) showed that feedback during the communication process is equally

important because satisfactory performance of a business is reliant on the managers and subordinates giving and receiving feedback from each other. Van Rensburg & Prideaux (2006), however, caution that excessive feedback requests can lead a perception of incompetence and could indicate a lack of initiative. In addition, Daft & Marcic (2009), state that, regardless of its importance, feedback is often neglected, and managers and subordinates find providing and requesting feedback to be inherently challenging.

The results also show that most of the participants thrive best when given challenging work (74.4%) and they accept responsibility eagerly (96.7%). **Table 4.3** also indicates that, most (92.8%) participants set measurable standard of high performance when given responsibility; 79.4 % of participants desire to outperform others. The results are consistent with one of the elements of achievement motivation - mastery of needs – which state that individual employee prefers jobs that are challenging, intellectually demanding, and thought-oriented where they take ownership, therefore, responsibility invokes leadership roles in groups and a desire to complete tasks already started (Singh, 2011).

**Table 4. 3: Descriptive statistics for the construct of achievement**

ACHIEVEMENT		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/Strongly Agree	Mean	Std Dev	
B9. When doing a job, I need feedback	Count %	1 0.6%	2 1.1%	16 8.9%	51 28.3%	110 61.1%	89.4%	4.5	0.8	0.588
B10. After starting a task, I am uncomfortable until it is finished	Count %	6 3.3%	13 7.2%	11 6.1%	53 29.4%	97 53.9%	83.3%	4.2	1.1	0.457
B11. I work better when there is a deadline	Count %	14 7.8%	23 12.8%	33 18.3%	52 28.9%	58 32.2%	61.1%	3.7	1.3	0.645
B12. I work best when there is some challenge involved	Count %	5 2.8%	16 8.9%	25 13.9%	59 32.8%	75 41.7%	74.4%	4.0	1.1	0.437
B13. I accept responsibility eagerly	Count %	1 0.6%	2 1.1%	3 1.7%	66 36.7%	108 60.0%	96.7%	4.5	0.6	0.569
B14. When given a responsibility I set measurable standard of high performance	Count %	2 1.1%	3 1.7%	8 4.4%	65 36.1%	102 56.7%	92.8%	4.5	0.8	0.679
B15. I desire to outperform others	Count %	6 3.3%	16 8.9%	15 8.3%	61 33.9%	82 45.6%	79.4%	4.1	1.1	0.638
B16. I get completely involved in a project	Count %	0 0.0%	5 2.8%	6 3.3%	67 37.2%	102 56.7%	93.9%	4.5	0.7	0.587
B17. I desire unique accomplishment	Count %	5 2.8%	3 1.7%	14 7.8%	61 33.9%	97 53.9%	87.8%	4.3	0.9	0.694
B18. I am restless and innovative	Count %	6 3.3%	9 5.0%	22 12.2%	66 36.7%	77 42.8%	79.4%	4.1	1.0	0.580
B19. I think about my goals and how to attain them	Count %	3 1.7%	2 1.1%	6 3.3%	58 32.2%	111 61.7%	93.9%	4.5	0.8	0.423
Cronbach's Alpha								0.789		

The participants who *agree/strongly agree* that they get completely involved in projects were (93.9%); those who desire unique accomplishment were (87.8%); were restless and innovative (79.4%) and those who think about their goals and how to attain them were (93.9%). Some behavioural scientists (Singh, 2011) have noticed that some people have an intense desire to achieve something and that people who with high level of achievement set moderately difficult but easily achievable targets. Similarly, (Dobre, 2013) contends that, achievement- motivated people prefer to work on a problem rather than leave the outcome to chance, and they seem to be more concerned with personal achievement. SME owners in this study regarded themselves as responsible, hard workers, goal-driven, and innovative. This could be true, considering that the SME environment in South Africa produces intense competition and qualities, such as

hardworking, responsible, goal setting and being innovative differentiate one SME from another (Organisation for Economic Co-operation and Development, 2000).

The construct of Achievement had high internal consistency (Cronbach's Alpha=0.789) with all items having positive latent factor coefficients, hence, it was a very reliable measure of the intended variable. A factor score for each individual respondent will be computed according to the factor loadings (coefficients) given in the Table.

#### 4.4.1.2 Descriptive statistics of power

Table 4.4 presents results on the respondents' views on power. The results show that most respondents are concerned about their reputation or position (88.3%), enjoy influencing the direction of things (86.7%), and want their ideas to be used (85.0%). The respondents liking of power is also reinforced by the results which show most of them *agree/strongly agree* that they prefer to oversee events (82.2%) and that they want their ideas to be used, as well as thinking about ways to change people (73.9%). The results confirm the suggestions by Anderson & Galinsky (2006) & Burgmer & Englich (2012) that power causes individuals to feel more positive, be in control, optimistic about the future, to become more goal-oriented and likely to take action. The results also concur with Amy, Wilmuth & Carney (2012) who found that power improves performance in high-stakes social evaluations by positively-oriented people toward goals; this is done by liberating them from the psychological constraints that could prevent them from performing to their full potential. The fact that most of the SME owners in the study were sole proprietors and felt real ownership of the business could be used to explain why the issues of power is felt so strongly.

**Table 4. 4: Descriptive statistics for the construct of power**

POWER		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/Strongly Agree	Mean	Std Dev	
B20. I prefer to work alone and be my own boss	Count	14	15	20	56	75	72.8%	3.9	1.2	0.582
	%	7.8%	8.3%	11.1%	31.1%	41.7%				
B21. I enjoy a good argument	Count	9	9	18	84	60	80.0%	4.0	1.0	0.527
	%	5.0%	5.0%	10.0%	46.7%	33.3%				
B22. Status symbols are important to me	Count	17	20	35	66	42	60.0%	3.5	1.2	0.358
	%	9.4%	11.1%	19.4%	36.7%	23.3%				
B23. I would rather give orders than take them	Count	16	29	43	55	37	51.1%	3.4	1.2	0.556
	%	8.9%	16.1%	23.9%	30.6%	20.6%				
B24. I am eager to be my own boss	Count	12	8	13	61	86	81.7%	4.1	1.1	0.641
	%	6.7%	4.4%	7.2%	33.9%	47.8%				
B25. I prefer to oversee events	Count	1	7	24	74	74	82.2%	4.2	0.8	0.612
	%	0.6%	3.9%	13.3%	41.1%	41.1%				
B26. I am concerned about my reputation or position	Count	3	5	13	66	93	88.3%	4.3	0.9	-
	%	1.7%	2.8%	7.2%	36.7%	51.7%				
B27. I want my ideas to be used	Count	3	5	19	82	71	85.0%	4.2	0.9	0.479
	%	1.7%	2.8%	10.6%	45.6%	39.4%				
B28. I enjoy influencing the direction of things	Count	1	6	17	85	71	86.7%	4.2	0.8	0.683
	%	0.6%	3.3%	9.4%	47.2%	39.4%				
B29. I am verbally fluent	Count	3	10	27	66	74	77.8%	4.1	1.0	0.611
	%	1.7%	5.6%	15.0%	36.7%	41.1%				
B30. I think about ways to change people	Count	5	12	30	65	68	73.9%	4.0	1.0	0.533
	%	2.8%	6.7%	16.7%	36.1%	37.8%				
		Cronbach's Alpha						0.748		

The construct of Power had high internal consistency (Cronbach's Alpha=0.748) after the exclusion of item B26; this did not seem to combine well with the other items. When item B26 was included in the computation of the construct of Power, the Cronbach's Alpha went down to 0.557 which was an indication of much lower internal consistency. Item B26 was, therefore, not included in the computation of the latent factor of the

construct of Power. A factor score (Power) for each individual respondent was computed according to the factor loadings (coefficients) given in the Table.

#### 4.4.1.3 Descriptive statistics of Affiliation

Table 4.5 shows that most of the participants *agree/strongly agree* that they consider other people’s feelings as well as theirs (91.7%) whilst 84.4% think about consoling and helping others.

**Table 4. 5: Descriptive statistics for the construct of Affiliation**

AFFILIATION		Frequency Distribution					%Agree/ Strongly Agree	Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		Mean	Std Dev	
B31. I am uncomfortable when forced to work alone	Count %	20 11.1%	45 25.0%	57 31.7%	47 26.1%	11 6.1%	32.2%	2.9	1.1	0.234
B32. I go out of my way to make friends with new people	Count %	1 0.6%	37 20.6%	69 38.3%	57 31.7%	16 8.9%	40.6%	3.3	0.9	0.367
B33. I am always getting involved with group projects	Count %	4 2.2%	21 11.7%	40 22.2%	70 38.9%	45 25.0%	63.9%	3.7	1.0	0.520
B34. I am sensitive to others, especially when they are angry	Count %	11 6.1%	23 12.8%	35 19.4%	66 36.7%	45 25.0%	61.7%	3.6	1.2	0.632
B35. I get personally involved with my superiors	Count %	5 2.8%	7 3.9%	60 33.3%	82 45.6%	26 14.4%	60.0%	3.7	0.9	0.523
B36. I include others in what I am doing	Count %	1 0.6%	12 6.7%	20 11.2%	95 53.1%	51 28.5%	81.6%	4.0	0.8	0.611
B37. I am concerned about being liked and accepted	Count %	6 3.3%	36 20.0%	72 40.0%	46 25.6%	20 11.1%	36.7%	3.2	1.0	0.461
B38. I enjoy and seek warm, friendly relationships	Count %	1 0.6%	24 13.3%	50 27.8%	73 40.6%	32 17.8%	58.3%	3.6	0.9	0.595
B39. I don't like being left out of things	Count %	13 7.2%	10 5.6%	20 11.1%	78 43.3%	59 32.8%	76.1%	3.9	1.1	0.647
B40. I think about consoling and helping others	Count %	0 0.0%	8 4.4%	20 11.1%	83 46.1%	69 38.3%	84.4%	4.2	0.8	0.772
B41. I think about my feelings and the feelings of others	Count %	1 0.6%	3 1.7%	11 6.1%	80 44.4%	85 47.2%	91.7%	4.4	0.7	0.696
Cronbach's Alpha								0.770		

Table 4.5 shows that most of the participants include others in whatever they will be doing (81.6%). Farooq (2014) argues that, the need for affiliation or the affiliation motivation encourages individuals to seek interpersonal relationships. It is a recurrent preference in thought and behavior for establishing, maintaining, and restoring positive affective relationships. People who have an affiliation motivation want to

come together and spend time with others, hence, such SME owners have strong feeling for others, and want to console them. The SMEs' owners in the study are concerned with establishing and maintaining close interpersonal relationships with others since they reported positive emotions towards others.

The construct of Affiliation had high internal consistency (Cronbach's Alpha=0.770) with all items having positive latent factor coefficients, hence, it was a very reliable measure of the intended variable. A factor score for each individual respondent was computed according to the factor loadings (coefficients) given in Table 4.5.

#### 4.4.3 Personality Attributes of Owner/Managers

This section which applies to questions in Section C of the questionnaire addresses the various personality attributes of the owner/managers. The questionnaire items in this section were both negatively and positively worded, hence, when calculating the overall variables to represent each section those questions which were negatively worded were reverse coded so that all scores would be positively oriented. For example, question C45 "*I am not depressed,*" was negatively worded since a score of 5 on the Likert scale would indicate that the respondent *strongly agrees* that he/she is depressed. When computing an overall measure of the construct of neuroticism, under which C45 falls, it was necessary to reverse code the question so that it was in line with all the other positively-worded questions.

##### 4.4.2.1 Descriptive statistics of Extraversion attributes

Table 6 shows that, most of the respondents (72.2%) *agree/strongly agree* that they are talkative, original and come up with new ideas (85%) whereas 84.4% claim to be full of energy. They also believe that they have lots of enthusiasm (86.7%), are considerate and kind to almost everyone (84.4%), however, only 15.6% claim to be rude to others. Soto & John (2009) identified two components of extraversion personality which resonate with what this study found, namely, ambition and sociability. The authors



argued that, extraverted individuals are socially-oriented, such as outgoing and gregarious.

Despite the high percentage of responses in some extraversion items, as indicated above, the construct of Extraversion had very low internal consistency (Chronbach's Alpha=0.384) and this was only achieved after the exclusion of items C42, C62 and C77 (Table 4.6). This construct would need re-working if it is to be used for future studies as the items do not seem to be measuring the same construct (low internal consistency) even after excluding some very problematic items.

**Table 4. 6: Descriptive statistics for the construct of Extraversion attributes**

EXTRAVERSION		Frequency Distribution						Descriptives		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/Strongly Agree	Mean	Std Dev	
C42. I am talkative	Count %	6 3.3%	19 10.6%	25 13.9%	57 31.7%	73 40.6%	72.2%	4.0	1.1	-
C46. I am original, I come up with new ideas	Count %	4 2.2%	8 4.4%	15 8.3%	88 48.9%	65 36.1%	85.0%	4.1	0.9	0.617
C52. I am full of energy	Count %	2 1.1%	8 4.4%	18 10.0%	84 46.7%	68 37.8%	84.4%	4.2	0.9	0.696
C57. I have lots of enthusiasm	Count %	1 0.6%	5 2.8%	18 10.0%	100 55.6%	56 31.1%	86.7%	4.1	0.7	0.556
C62. I tend to be quiet	Count %	5 2.8%	37 20.7%	55 30.7%	64 35.8%	18 10.1%	45.8%	3.3	1.0	-
C72. I am considerate and kind to almost everyone	Count %	0 0.0%	3 1.7%	25 13.9%	105 58.3%	47 26.1%	84.4%	4.1	0.7	0.484
C77. I am sometimes rude to others	Count %	42 23.3%	79 43.9%	31 17.2%	20 11.1%	8 4.4%	15.6%	2.3	1.1	-
Cronbach's Alpha								0.384		

#### 4.4.2.2 Descriptive statistics of Agreeableness attributes

The results in Table 4.7 indicate that, few participants (20%) tend to find fault in others, hence starting quarrels with others, but most of them are helpful and unselfish (78.9%). Consistent with van Staden (2018), agreeable people focus on bringing out positive qualities in a team and they allow individuals to minimise the negative impact of conflict and negotiate outcomes that capitalise on the advantages of group living. The majority

of the participants claim to be forgiving in nature (75%), preserver until tasks are finished (82.8%) and do things efficiently (95%). Only 20.6% admitted being easily distracted. This finding about owners/managers doing things efficiently, is in line with previous literature; for example, authors such as Mkoji, & Sikalieh (2012), found that agreeable people may often be high-performing individuals due to their willingness to adapt to and understand their environment. Agreeableness has been shown to predict performance in interpersonal-oriented jobs, as well as a significant (albeit weak) predictor of helping others; these results, hence, indicate that the SME owners who find less fault in others, are helpful and unselfish.

The construct of Agreeableness had moderate internal consistency (Cronbach's Alpha=0.535) even after the exclusion of items C83 which when included brought the Chronbach's Alpha to 0.400. Item C83 was found to have a negative latent factor coefficient which was at variance with the other coefficients, hence, it was excluded in the determination of the overall measure of the construct of Agreeableness.

**Table 4. 7: Descriptive statistics for the construct of Agreeableness attributes**

AGREEABLENESS		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/Strongly Agree	Mean	Std Dev	
C43. I tend to find fault with others	Count %	51 28.3%	59 32.8%	34 18.9%	25 13.9%	11 6.1%	20.0%	2.4	1.2	0.420
C48. I am helpful and unselfish with others	Count %	2 1.1%	11 6.1%	25 13.9%	88 48.9%	54 30.0%	78.9%	4.0	0.9	0.582
C53. I like to start quarrels with others	Count %	54 30.0%	66 36.7%	24 13.3%	21 11.7%	15 8.3%	20.0%	2.3	1.2	0.438
C58. I am forgiving in nature	Count %	6 3.3%	10 5.6%	29 16.1%	66 36.7%	69 38.3%	75.0%	4.0	1.0	0.466
C63. I am generally trusting	Count %	6 3.3%	21 11.7%	60 33.3%	67 37.2%	26 14.4%	51.7%	3.5	1.0	0.350
C68. I preserve until the task is finished	Count %	1 0.6%	13 7.2%	17 9.4%	79 43.9%	70 38.9%	82.8%	4.1	0.9	0.485
C73. I do things efficiently	Count %	0 0.0%	2 1.1%	7 3.9%	94 52.2%	77 42.8%	95.0%	4.4	0.6	0.597
C78. I make plans and follow through them	Count %	3 1.7%	7 3.9%	12 6.7%	90 50.0%	68 37.8%	87.8%	4.2	0.8	0.494
C83. I am easily distracted	Count %	34 18.9%	59 32.8%	50 27.8%	25 13.9%	12 6.7%	20.6%	2.6	1.1	-
Cronbach's Alpha								0.535		

#### 4.4.2.3 Descriptive statistics of Conscientiousness attributes

As shown in Table 4.8, most of the participants (87.8%) believe that, they can do a job thoroughly as compared to 20.6% who tend to be lazy. The majority also claim to remain calm in tense situations, whereas 30.6% get nervous easily. Most of the participants believe that, they are reliable workers (92.8%), whereas only 15% *agree/strongly agree* tend to be disorganised. The results confirm the assumption that someone who is conscientious is reliable and trustworthy, as well as systematic and

structured in their approach to work (MacCann, Lee, Duckworth & Roberts, 2009). Research on business qualities of SME owners, however, indicate that most of them tend to be unreliable, contradicting what this study reports (Abor & Quartey, 2010). These result showing some positive conscientious attributes of SME owners seem to be in contrast with previous research which indicated that, people who measure high on conscientiousness also display a few disadvantages as their meticulousness can be time-consuming, show obsessive tidiness or workaholic tendencies which can conflict with others' standards (Rossouw & van Vuuren, 2010).

**Table 4. 8: Descriptive statistics for the construct of Conscientiousness attributes**

CONSCIENTIOUSNESS		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	
C44. I do a job thoroughly	Count	6	12	4	65	93	87.8%	4.3	1.0	0.553
	%	3.3%	6.7%	2.2%	36.1%	51.7%				
C49. I can be somewhat careless	Count	33	50	45	38	14	28.9%	2.7	1.2	0.675
	%	18.3%	27.8%	25.0%	21.1%	7.8%				
C54. I am a reliable worker	Count	2	6	5	90	77	92.8%	4.3	0.8	0.618
	%	1.1%	3.3%	2.8%	50.0%	42.8%				
C59. I tend to be disorganized	Count	64	57	32	20	7	15.0%	2.2	1.1	0.540
	%	35.6%	31.7%	17.8%	11.1%	3.9%				
C64. I tend to be lazy	Count	38	58	47	30	7	20.6%	2.5	1.1	0.617
	%	21.1%	32.2%	26.1%	16.7%	3.9%				
C69. I can be moody	Count	21	63	42	46	8	30.0%	2.8	1.1	0.632
	%	11.7%	35.0%	23.3%	25.6%	4.4%				
C74. I remain calm in tense situations	Count	3	5	16	90	66	86.7%	4.2	0.8	0.393
	%	1.7%	2.8%	8.9%	50.0%	36.7%				
C79. I get nervous easily	Count	33	55	37	35	20	30.6%	2.7	1.3	-
	%	18.3%	30.6%	20.6%	19.4%	11.1%				
D84. I am sophisticated in art, music or literature	Count	3	11	37	68	61	71.7%	4.0	1.0	-
	%	1.7%	6.1%	20.6%	37.8%	33.9%				
Cronbach's Alpha							0.481			

The construct of Conscientiousness had low internal consistency (Cronbach's Alpha=0.481) even after the exclusion of items C79 and C84. These items were found to have negative latent factor coefficients which were at variance with the other coefficients, hence, they were excluded in the determination of the overall measure of the construct of Conscientiousness.

#### 4.4.2.4 Descriptive statistics of Neuroticism attributes

Table 4.9 presents results from the questionnaire items that addressed neuroticism. The results show that, 75% of the participants feel that they are relaxed and can handle stress well and that they are emotionally stable and cannot be easily upset (77.2%). Most of the respondents believe that they like to reflect and play with ideas (82.2%) whereas 77.2% value artistic, aesthetic experiences. Only 18.3% admit worrying a lot whilst 43.3 claim that they can become tense. The findings are in contrast with a study on work force by Shahid (2013) who claims that, those who exhibit neurotic behaviors tend to be less happy and are more likely to remember and fixate on negative experiences within the workplace.

**Table 4. 9: Descriptive statistics for the construct of neuroticism attributes**

NEUROTICISM		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean	Std Dev	
C45. I am depressed, blue	Count	58	71	19	21	11				0.605
	%	32.2%	39.4%	10.6%	11.7%	6.1%	17.8%	2.2	1.2	
C50. I am relaxed, handle stress well	Count	2	12	31	96	39				0.633
	%	1.1%	6.7%	17.2%	53.3%	21.7%	75.0%	3.9	0.9	
C55. I can be tense	Count	11	44	47	61	17				0.553
	%	6.1%	24.4%	26.1%	33.9%	9.4%	43.3%	3.2	1.1	
C60. I worry a lot	Count	51	58	38	23	10				0.669
	%	28.3%	32.2%	21.1%	12.8%	5.6%	18.3%	2.4	1.2	
C65. I am emotionally stable, not easily upset	Count	2	14	25	103	36				0.557
	%	1.1%	7.8%	13.9%	57.2%	20.0%	77.2%	3.9	0.9	
C70. I value artistic, aesthetic experiences	Count	5	10	26	90	49				0.427
	%	2.8%	5.6%	14.4%	50.0%	27.2%	77.2%	3.9	0.9	
C75. I prefer work that is done in routine	Count	4	32	63	57	24				-
	%	2.2%	17.8%	35.0%	31.7%	13.3%	45.0%	3.4	1.0	
C80. I like to reflect, play with ideas	Count	1	6	25	79	69				0.405
	%	0.6%	3.3%	13.9%	43.9%	38.3%	82.2%	4.2	0.8	
Cronbach's Alpha							0.626			

The construct of neuroticism had moderate internal consistency (Cronbach's Alpha=0.626) after the exclusion of item C75 which when included reduces the internal consistency considerably to a Cronbach's Alpha of 0.555. This item did not combine well with the other items, hence, it was excluded in the determination of the overall measure of the construct of Neuroticism.

#### 4.4.2.5 Descriptive statistics of Openness attributes

The results in Table 4.10 show that, 84.4% of the participants are curious about many different things and that 90.6% believe that they are creative and deep thinkers. findings also illustrate that most of the participants have an active imagination (85%) while 59.4% believe that they are sometimes inhibited. The majority also claim to be outgoing (78.9%), have a few artistic interests (79.4%) and like to cooperate with others (88.3%) Observations made by Samila and Sorenson (2011) in a study conducted on the relationship between academic and workforce outcomes, revealed that openness has been connected to creativity in the workplace.

**Table 4. 10: Descriptive statistics for the construct of openness attributes**

OPENNESS		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/Strongly Agree	Mean	Std Dev	
C51. I am curious about many different things	Count %	2 1.1%	11 6.1%	15 8.3%	102 56.7%	50 27.8%	84.4%	4.0	0.8	0.673
C56. I am creative and a deep thinker	Count %	1 0.6%	4 2.2%	12 6.7%	88 48.9%	75 41.7%	90.6%	4.3	0.7	0.485
C61. I have an active imagination	Count %	2 1.1%	8 4.4%	17 9.4%	75 41.7%	78 43.3%	85.0%	4.2	0.9	0.483
C66. I am inventive	Count %	2 1.1%	14 7.8%	25 13.9%	103 57.2%	36 20.0%	77.2%	3.9	0.9	0.538
C71. I am sometimes shy, inhibited	Count %	9 5.0%	28 15.6%	36 20.0%	89 49.4%	18 10.0%	59.4%	3.4	1.0	-
C76. I am outgoing, sociable	Count %	4 2.2%	13 7.2%	21 11.7%	89 49.4%	53 29.4%	78.9%	4.0	1.0	0.554
C81. I have few artistic interests	Count %	3 1.7%	3 1.7%	31 17.2%	84 46.7%	59 32.8%	79.4%	4.1	0.8	0.458
C82. I like to cooperate with others	Count %	2 1.1%	2 1.1%	17 9.4%	77 42.8%	82 45.6%	88.3%	4.3	0.8	0.538
Cronbach's Alpha								0.583		

The construct of openness had rather a moderate internal consistency (Cronbach's Alpha=0.583) after the exclusion of item C71 which when included reduced the internal consistency considerably, to a Cronbach's Alpha of 0.529. Item C71 also had a very low

latent factor coefficient. This item did not combine well with the other items, hence it was excluded in the determination of the overall measure of the construct.

#### 4.5.3 Business Management - HR Strategy

This section presents the descriptive summary statistics of the items in Section D of the questionnaire, which focused on human resources management strategies. The summaries of these items are presented under two constructs - the Make Orientation Strategy and the Buy Orientation Strategy.

##### 4.5.3.1 Descriptive statistics of Make Orientation Strategy attributes

As shown in Table 4. 11, most of the participants provided intensive training for new employees (88.9%), recruited new employees for entry-level positions (81.1%) and gave employees some benefits for job security to feel comfortable in their organisations (86.7%). Results also show that the participants view employees as long-term investments (83.3%) and they recruit staff internally for promotional posts (70.9%). Most of the participants also claim that business efficiency is their priority (82.8%). These findings are in line with previous literature; for example, authors such as Tanova and Kardal (2006) discovered that the make orientation strategy involves an organization generally recruiting personnel externally for entry-level position and developing new employees through training, while Malik and Rowley (2015) argue that firms that follow a make strategy also invest in training to retain employees by providing training that supports both organizational needs and employees' career aspirations.



**Table 4. 11: Descriptive statistics for the construct of Make Orientation Strategy attributes**

MAKE ORIENTATION STRATEGY		Frequency Distribution					Descriptive		Latent Factor (Principal component) Coefficient	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/ Strongly Agree	Mean		Std Dev
D85. I provide intensive training for new employees	Count %	1 0.6%	5 2.8%	14 7.8%	59 32.8%	101 56.1%	88.9%	4.4	0.8	0.718
D86. I recruit new employees for entry level positions	Count %	1 0.6%	14 7.8%	19 10.6%	72 40.0%	74 41.1%	81.1%	4.1	0.9	0.764
D87. Employees are given some benefits for job security to feel comfortable in my organisation	Count %	1 0.6%	6 3.3%	17 9.4%	81 45.0%	75 41.7%	86.7%	4.2	0.8	0.837
D88. I view employees as long-term investments	Count %	1 0.6%	10 5.6%	19 10.6%	74 41.1%	76 42.2%	83.3%	4.2	0.9	0.761
D89: For promotional posts I recruit staff internally	Count %	0 0.0%	21 11.7%	31 17.3%	68 38.0%	59 33.0%	70.9%	3.9	1.0	0.678
D90. The business focuses on a narrow product range	Count %	5 2.8%	35 19.4%	24 13.3%	71 39.4%	45 25.0%	64.4%	3.6	1.1	0.350
D91. In my business efficiency is the first priority	Count %	4 2.2%	15 8.3%	12 6.7%	83 46.1%	66 36.7%	82.8%	4.1	1.0	0.426
		Cronbach's Alpha					0.758			

The construct of Make Orientation Strategy had high internal consistency (Cronbach's Alpha=0.758) and the overall measure of the construct was computed using all seven items as listed in Table 4.11.

#### 4.5.3.2 Descriptive statistics of Buy Orientation Strategy attributes

The results in Table 4.12 record that, most of the participants (84.4%) want to work with employees who are not afraid to take risks, encourage innovation and creativity in their businesses (80.6%) and make use of external recruitment for all available positions in

their businesses (68.9%). The participants (80.6%) also claim that their businesses prioritise new products and services to meet new and changing customer needs, as well as promoting creativity over efficiency (51.1%). Previous literature by Peng, Tan and Tong, (2004) states that the buy orientation strategy can also be viewed as the make prospector strategy. The findings, therefore, are consistent with the research by Kalkan, Erdin & Cetikanya (2011) who showed that prospector strategies are externally-oriented and they strive to prepare for the unexpected. The authors further found that prospector strategists distribute power across the organisation and encourage flexible and innovative behaviour. Hugh & Murray (2009) support this when they argue that the buy orientation strategy is more of a flexible strategy and focuses more on innovation and creativity.

**Table 4. 12: Descriptive statistics for the construct of Buy Orientation Strategy attributes**

BUY ORIENTATION STRATEGY		Frequency Distribution						Descriptive		Latent Factor (Principal component) Coefficient
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	%Agree/Strongly Agree	Mean	Std Dev	
D92. I always want to work with experienced employees	Count %	14 7.8%	33 18.3%	51 28.3%	62 34.4%	20 11.1%	45.6%	3.2	1.1	0.4
D93. I want to work with employees who are not afraid to take risks	Count %	1 0.6%	5 2.8%	22 12.2%	75 41.7%	77 42.8%	84.4%	4.2	0.8	0.7
D94. I encourage innovation and creativity in the business	Count %	0 0.0%	6 3.3%	29 16.1%	84 46.7%	61 33.9%	80.6%	4.1	0.8	0.7
D95. I make use of external recruitment for all available positions in the business	Count %	4 2.2%	13 7.2%	39 21.7%	74 41.1%	50 27.8%	68.9%	3.9	1.0	0.7
D96. The business prioritizes new product or service to meet new and changing customer needs	Count %	1 0.6%	6 3.3%	28 15.6%	93 51.7%	52 28.9%	80.6%	4.1	0.8	0.8
D97. The business has a broad product or service line	Count %	1 0.6%	17 9.4%	22 12.2%	95 52.8%	45 25.0%	77.8%	3.9	0.9	0.4
D98. My businesses promote creativity over efficiency	Count %	6 3.3%	25 13.9%	57 31.7%	63 35.0%	29 16.1%	51.1%	3.5	1.0	-
		Cronbach's Alpha						0.649		

The construct of the Buy Orientation Strategy had moderate internal consistency (Cronbach's Alpha=0.649) after the exclusion of item D98 which when included reduced the internal consistency to a Cronbach's Alpha of =0.589. This item did not combine well with the other items, hence, it was excluded in the determination of the overall measure of the construct of Buy Orientation Strategy.

## 4.5 HYPOTHESES TESTING

This section focuses on testing the research hypotheses for the study.

The first hypothesis 1: refers to **the influence of personality attributes (Extraversion, Agreeableness, Conscientiousness, neuroticism and openness) as determinant factors which influence owners of small businesses to adopt a particular HR strategy Make Orientation Strategy or Buy Orientation Strategy.**

To evaluate if any of the personality variables affect the two HR strategies, two regression models were used, one for each of the two HR strategy variables as responses to the personality variables.

### 4.5.1 Regression Analysis of the Make Orientation Strategy on personality variables

The results presented in Table 4.13 show that when considered together, the only personality variable that significantly impacts on the propensity to adopt the Make Orientation Strategy is openness (Coefficient=0.495, p-value<0.001). This means that, there is indeed a most significant relationship between openness and the make orientation strategy.

The model accounted for 23.5% of the variation in the Make Orientation Strategy; this means that, there other factors that account for the other 76.5% in the propensity to adopt the Make Orientation Strategy other than the five personality variables. This indicates that, personality traits alone do not largely explain adoption of the Make Orientation Strategy.

Despite the point above, the fact that there is some relationship between openness and the make orientation strategy is novel for this study, and confirms earlier research by Nadkarni & Herrmann (2010) and Hammond (2012) that high levels of openness have a strong relationship with collaborative human resource management practices. In this study, SME owners promote from within, recruit entry level employees from outside in order to provide new experiences. In similar findings, Hasso (2013) reiterated that, openness personality trait, together with certain human resource management strategies jointly enhance firms' performance. It is, possible to suggest from this study that, SMEs are likely to experience growth when the owners are creative and deep thinkers, as well as, for, provide intensive training for their employees. Notwithstanding this analysis, research conducted by Al-Hawashim (2013) contradicts the current finding, and posit that the defender organization strategy (make orientation) has a narrow stable-product market, therefore, its human resource career systems are primarily concerned with developing only within their labour market.

**Table 4. 13: Results for the regression of Make Orientation Strategy on personality**

Dependent Variable: Make Orientation Strategy	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	1.522	0.426		3.570	0.000
Extraversion	0.070	0.106	0.056	0.665	0.507
Agreeableness	0.008	0.121	0.007	0.070	0.944
Conscientiousness	-0.086	0.092	-0.087	-0.937	0.350
Neuroticism	0.147	0.107	0.137	1.375	0.171
Openness	0.495	0.109	0.392	4.525	<0.001
<b>R-Squared=0.235</b>					

#### 4.5.2 Regression Analysis of the Buy Orientation Strategy on personality variables

The results presented in Table 4.14 show that when considered together, the personality variables that significantly impact on the propensity to adopt the Buy

Orientation Strategy are Extraversion (Coefficient=0.224, p-value=0.020) and Neuroticism (Coefficient=0.200, p-value=0.039). The model accounted for only 9.6% of the variation in the Buy Orientation Strategy, which means that, there are other factors that account for the other 90.4% in the propensity to adopt the Buy Orientation Strategy other than the five personality variables. This indicates that there is more influence of non-personality traits on the adoption of the Buy Orientation Strategy, than on the Make Orientation Strategy. Comparatively, personality (especially openness) has greater influence on the adoption of the Make Orientation Strategy than on the Buy Orientation Strategy (by way of comparisons of the R-squared values).

**Table 4. 14: Results for the regression of Buy Orientation Strategy on personality**

Dependent Variable: Buy Orientation Strategy	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	2.606	0.383		6.804	0.000
Extraversion	0.224	0.096	0.214	2.343	0.020
Agreeableness	-0.084	0.109	-0.079	-0.769	0.443
Conscientiousness	-0.107	0.083	-0.131	-1.299	0.196
Neuroticism	0.200	0.096	0.224	2.082	0.039
Openness	0.073	0.099	0.070	0.742	0.459
<b>R-Squared=0.096</b>					

These results in Table 4.14 indicate that there is a significant positive relationship between extraversion and the buy orientation strategy. Extraversion is often considered as accounting for a significant proportion of variance in who becomes an entrepreneur (Zhao, 2010). This is because becoming an entrepreneur requires that those involved be outgoing, assertive and sociable. Owoseni (2011) reported that Nigerian entrepreneurs who were high on extraversion exhibited more innovative behavior than entrepreneurs, who were less extraverted, and they adopted flexible management styles; this is similar to the buy orientation which is also more of a flexible strategy, focusing on innovation and creativity. To support this relationship between extraversion and the buy orientation strategy, Kalkan, Erdin and Çetinkaya (2011) state that,

prospector or flexible strategies are externally-oriented and these individuals strive to prepare for the unexpected. A prospector distributes power across different parts of the organisation in order to encourage flexible and innovative behaviour that will enable the owner/manager to locate and exploit opportunities for new ventures. What this could mean is that, flexible strategies are amenable to SME owners who are gregarious and sociable and are prepared to share power. In contrast, a study conducted by Lofstrom, (2014), found that many entrepreneurs were less extraverted and that, they may run small businesses from their homes to be away from large bureaucracies that demand one to be relentlessly sociable.

The relationship between neuroticism and the buy orientation strategy is supported by Slaughter & Kausel (2009) who found that, contrary to popular belief that neuroticism has weak relations with job performance, the trait actually has a link with a firm's performance. Another study by Farrington (2012) has shown that emotionally-stable individuals, as opposed to neurotic ones, are able to adjust their emotional state to suit the demands of the occasion and remain calm when in stressful situations. In the same vein, owning an SME business could be regarded as a stressful situation, and the relationship between neuroticism and the buy orientation strategy might reflect an emotional stability side of such SME owner/managers as the results prove that they are risk-takers.

The **second hypothesis** focused on **the influence of the Need for Achievement (N-ACH) on the adoption of a particular HR strategy** – the Make Orientation Strategy or the Buy Orientation Strategy.

To evaluate if any of the Need for Achievement variables affect the two HR strategies, two regression models were used, one for each of the two HR strategy variables as responses to the Need for Achievement variables.

#### 4.5.3 Regression Analysis of the Make Orientation Strategy on Need for Achievement variables (N-ACH)

The results presented in Table 4.15 show that when considered together, the N-ACH variables of Achievement (Coefficient=0.232, p-value=0.009) and Affiliation (Coefficient=0.265, p-value=0.001) significantly impact on the adoption of the Make Orientation Strategy while Power is marginally non-significant (Coefficient=0.139, p-value=0.051). The model accounts for 22.0% of the variation in the Make Orientation Strategy which means that there are other factors that account for the other 78.0% in the propensity to adopt the Make Orientation Strategy.

Very little has been written about the variables, n-Ach, and HR strategy. A strong relationship between affiliation and the make orientation, Toor, and Ofori, (2009) reported that leaders high in affiliate interest are concerned with their followers' needs, welfare and development. These latter characteristics are consistent with the make orientation strategy which emphasises concern for employees. Literature has proven that leaders high in the need for affiliation (nAff) consider followers individually and are sensitive toward their specific needs (Weinberger, Mesquita, Carroll, Marks, Yang, Zhang, Ludovico, & Burhans, 2010). These leaders are characterised by an assurance-type of the n-Aff which yearns for the approval of other people. In the context of the present study, this means such SME owner managers prefer to provide training and they offer benefits to employees to gain the much-needed affiliation.

With the results showing achievement related to the buy orientation strategy, it is possible to assume that, SME owner/managers in the study were goal-oriented, regarded themselves as responsible, therefore, they adopted risk-taking, as well as innovative and creative strategies to achieve their goals. Extreme achievement-oriented leaders have been found to work toward organizational objectives together with their subordinates, hence, as make-oriented, they tend to view employees as long term investments, who should be looked after and developed to avoid leaving tasks unaccomplished.

**Table 4. 15: Results for the regression of Make Orientation Strategy on Need for Achievement variables**

Dependent Variable: <b>Make Orientation Strategy</b>	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	1.558	0.369		4.223	0.000
Achievement	0.232	0.088	0.204	2.628	0.009
Power	0.139	0.071	0.148	1.964	0.051
Affiliation	0.265	0.079	0.251	3.345	0.001
<b>R-Squared=0.220</b>					

#### 4.5.4 Regression Analysis of the Buy Orientation Strategy on the Need for Achievement variables (N-ACH)

The results presented in Table 4.16 show that when considered together, the N-ACH variable, Affiliation (Coefficient=0.232, p-value=0.009) significantly impacts on the adoption of the Buy Orientation Strategy while Achievement (Coefficient=0.072, p-value=0.361) and Power (Coefficient<0.001, p-value=0.998) do not significantly affect the Buy Orientation Strategy. The three N-ACH variables explain only 9.7% of the variation in the Buy Orientation Strategy. These findings in addition to literature have established that n-Aff indirectly contributes to enhancing the followers' performance, thus, when high in the n-Aff, leaders empower their followers psychologically (Seibert *et al.*, 2011). Feeling empowered not only positively influences the in-role but also the contextual performance of individuals and entire teams (Seibert, Gang & Courtright 2011). As empowered followers have more confidence in their abilities, are very convinced that they may make meaningful contributions to corporate goals, and have more of a feeling of personal mastery, they are likely to perform beyond the call of duty (Spreitzer, 2008). Relating this evidence to the present study, we can assume that, empowering employees by highly affiliation-oriented SME owners/managers, is



achieved through the adoption of the buy oriented strategies; these include, encouraging innovation and creativity, risk-taking and development of new products and services.

**Table 4. 16: Results for the regression of the Buy Orientation Strategy on the Need for Achievement variables**

Dependent Variable: <b>Buy Orientation Strategy</b>	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	2.649	0.328		8.082	0.000
Achievement	0.072	0.078	0.076	0.917	0.361
Power	<0.001	0.063	0.000	-0.003	0.998
Affiliation	0.238	0.070	0.272	3.380	0.001
<b>R-Squared=0.097</b>					

**The third hypothesis** focused on the **Influence of Personality and N-ACH on the adoption of a particular HR strategy.**

To test the hypothesis, regression models with all N-ACH and Personality variables as independent variables together and the HR strategies as responses variables were fitted.

#### 4.5.5 Regression Analysis of the Make Orientation Strategy on N-ACH and personality variables together

The results presented in Table 4.17 demonstrate that when the N-ACH and personality variables are considered together, Affiliation (Coefficient=0.180, p-value=0.031) and openness (Coefficient=0.364, p-value=0.002) stand out as significant factors affecting the adoption of the Make Orientation Strategy. The combined model accounted for 28.8% of the variation in the Make Orientation. Leaders or managers with strong feelings of openness actively seek out new, unfamiliar experiences, and they take joy in these experiences, instead of choosing traditional options (Costa & McCrae, 2011).

Contrary to the above point, managers who adopt the make-oriented strategy prefer to maintain a narrow range of products. The fact that the make-oriented human resource strategists prefer to recruit new employees for entry positions, resonates with the notion of them seeking new unfamiliar experiences; this is synonymous with the openness personality type. As previously noted, these results reiterate that, SME owner's/managers high in nAff would seek assurance from subordinates by offering them some long-term investments in the form of training and benefits.

**Table 4. 17: Results for the regression of Make Orientation Strategy on N-ACH and personality variables**

Dependent Variable: Make Orientation Strategy	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	0.895	0.461		1.941	0.054
Achievement	0.146	0.089	0.129	1.630	0.105
Power	0.065	0.071	0.070	0.918	0.360
Affiliation	0.180	0.083	0.171	2.173	0.031
Extraversion	-0.014	0.109	-0.011	-0.130	0.896
Agreeableness	0.019	0.119	0.015	0.162	0.871
Conscientiousness	-0.034	0.091	-0.034	-0.371	0.711
Neuroticism	0.071	0.107	0.066	0.660	0.510
Openness	0.364	0.114	0.288	3.177	0.002
<b>R-Squared=0.288</b>					

#### 4.5.6 Regression Analysis of the Buy Orientation Strategy on N-ACH and personality variables together

The results presented in Table 4.18 show that when the N-ACH and personality variables are considered together, Affiliation (Coefficient=0.174, p-value=0.024) stands out as a significant factor affecting the adoption of the Buy Orientation Strategy, as previously reported. The model accounts for 12.5 % of the variation in the Buy Orientation Strategy.

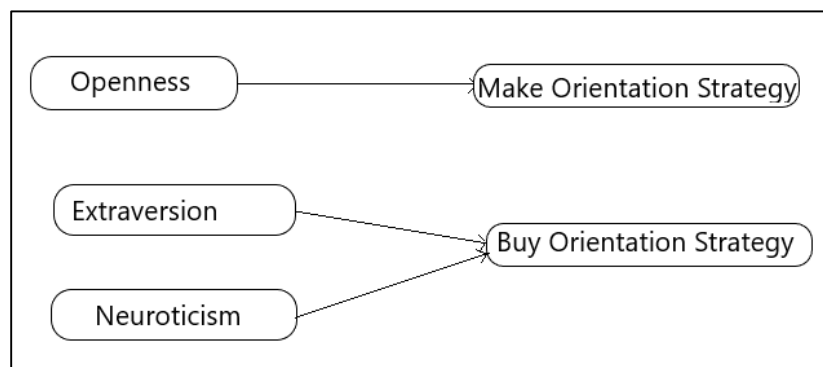
**Table 4. 18: Results for the regression of the Buy Orientation Strategy on the N-ACH and personality variables**

Dependent Variable: Buy Orientation Strategy	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	2.366	0.423		5.592	0.000
Achievement	0.033	0.082	0.035	0.406	0.685
Power	-0.003	0.066	-0.004	-0.046	0.963
Affiliation	0.174	0.076	0.199	2.282	0.024
Extraversion	0.146	0.100	0.139	1.457	0.147
Agreeableness	-0.058	0.110	-0.055	-0.523	0.602
Conscientiousness	-0.080	0.084	-0.097	-0.950	0.344
Neuroticism	0.153	0.098	0.173	1.558	0.121
Openness	0.012	0.105	0.011	0.112	0.911
<b>R-Squared=0.125</b>					

The **fourth hypotheses** focused on **the mediating role of N-ACH on the impact of personality on the adoption of HR strategy.**

A critical look at the results presented in Sections 4.4.5 and 4.4.6 will determine if the N-ACH variables play mediating roles in the adoption of any particular HR strategy. According to the results in Sections 4.4.1 and 4.4.2, the relationships, as depicted in established figure.

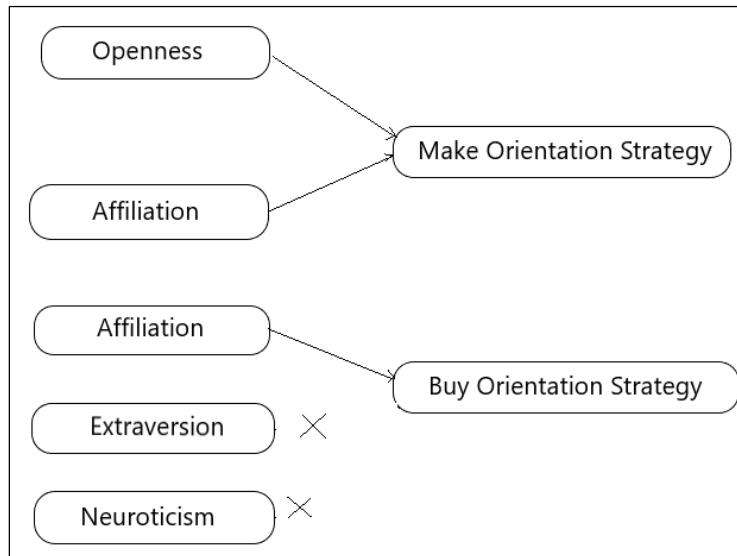
**Figure 4. 1: Significant personality factors affecting the adoption of HR Strategy**



**Source: Self-compilation**

When N-ACH variables were jointly linked with the personality variables as predictors of the adoption of either the Make or Buy orientation strategies in Section 4.4.5 and 4.46, the relationships depicted in Figure 2 were established.

**Figure 4. 2: Significant N-ACH and personality factors affecting the adoption of HR Strategy**



**Source: Self-compilation**

The results illustrate that openness remains a significant factor affecting the adoption of the Make Orientation strategy even when the N-ACH factors are included in the regression model. Openness is about intellectual curiosity, divergent thinking, and a willingness to consider new ideas and an active imagination. People strong on openness are imaginative, unconventional, and independent thinkers. They like unusual ideas, are curious, and like to have a wide range of experiences. They also have a sense of vision, an appreciation of art, are very creative, and have a high level of self-awareness (McCrae & Costa, 1987). The make -orientation is also characterised by openness to new ideas through utilising new employees for some positions in the organisation. The relationship, however, becomes contradicting, and surprisingly the make oriented strategy is not open to new products but prefer to keep a narrow range of products, promote from within and invest in current employees.

## 4.6 CONCLUSION

As stated at the beginning of the chapter, the aim of this chapter was to present and discuss results obtained from the data analysis. Demographics characteristics of the sample of small business owners and the businesses themselves were presented. The results were presented in a form of tables, figures and percentages.. Thereafter, results of the regression analysis that was used to test the research hypotheses were presented.

## CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

### 5.1 INTRODUCTION

The previous chapter presented, interpreted and discussed findings of the study. In this concluding chapter, the chapter discusses whether research questions have been answered, research objectives have been achieved and whether hypotheses were rejected or accepted. Finally the chapter presents the overall conclusion of the study based on all hypothesised variables as well as providing results based on the results.

### 5.2 RESEARCH QUESTIONS

The following were the research questions of the study:

1. Is personality a significant determinant of HR strategy among small business owners? **The results indicate that only openness is a significant determinant of an HR strategy.**
2. Is the need for achievement (N-Ach) a significant determinant for using a particular HR strategy by the small business owners? **The results indicate that only affiliation is a significant determinant of both the make and buy orientation strategy.**
3. When both personality and need for achievement are considered, which of these variables is most prevalent in the use of a particular HR strategy, by small business owners? **Results show that personality is the most prevalent factor which influence owners of small businesses to adopt an HR Strategy**

### 5.3 RESEARCH OBJECTIVES

The following section gives an indication on whether or not the objectives of the study were attained:

1. To examine the impact of N-Ach and personality on HR Strategies among SME owner-managers. **Results show that both n-Ach and personality have an impact on the use of HR strategy among SME owners**
2. To determine the impact of personality on HR strategies: **Results show that openness is the most dominant trait on the use of HR strategy (make orientation strategy), while extraversion and neuroticism influence the use of (buy orientation strategy)**
3. To investigate the impact of N-Ach on the use of HR strategy among SME owners: **Results show that affiliation as motivation factor influences the use of an HR strategy**
4. To examine if personality and N-Ach are determinants of use of a particular HR strategy in SME's business: **Results show that among the five personality traits openness is the most dominant traits that determines the adoption of an HR strategy (Make orientation) while affiliation determines the use of both make and buy orientation**

### 5.4 RESEARCH HYPOTHESES

**Hypothesis one:** Personality is a determinant factor which will influence owners of small businesses to adopt a particular HR strategy.

The only personality variable that significantly impacts on the propensity to adopt the Make Orientation Strategy was openness (Coefficient=0.495, p-value<0.001). This means that, there is a relationship between openness and the make orientation strategy.

**Hypothesis two:** The need for achievement (n-Ach) is a significant determinant which will influence owners of small businesses to adopt a particular HR strategy.

The results of the study revealed that there was correlation between n-Ach and HR strategy. Specifically, the results indicated that N-ACH variables of Achievement (Coefficient=0.232, p-value=0.009) and Affiliation (Coefficient=0.265, p-value=0.001) significantly impacted on the adoption of the Make Orientation Strategy. When considered together, the N-ACH variable Affiliation (Coefficient=0.232, p-value=0.009) significantly impacted on the adoption of the Buy Orientation Strategy, therefore, **hypotheses two** was not rejected.

**Hypotheses Three:** Personality and n-Ach can influence business owner to adopt an HR strategy.

The results revealed that personality and n-Ach influence owners of small businesses to adopt HR strategies. Specifically, when n-Ach and personality are considered together, affiliation and openness stand out as significant factors which influence owners of small businesses to adopt specific HR strategies. **Hypotheses 3** was not rejected.

**Hypotheses four:** N-Ach has a mediating effect on the relationship between personality and an HR strategy

The results show that openness remains a significant factor affecting the adoption of the Make Orientation strategy even when the N-ACH factors are included in the regression model, therefore, **hypotheses 4** was rejected.

## 5.5 OVERALL CONCLUSION

Based on the findings not all personality traits were identified as determinants for small business owners to adopt a particular HR strategy, however, it can be concluded that



openness personality trait has an influence on owners of small business to adopt a particular HR strategy

It can also be concluded, that need for affiliation which is also a motivating factor is a significant factor which influences owners of small businesses to adopt a particular HR strategy.

Findings, reveal that personality and n-Ach influence owners of small businesses to adopt a particular HR strategy.

It can be concluded that n-Ach does not have a mediating effect on the relationship between personality and HR strategy.

## **5.6 RECOMMENDATIONS**

It is recommended that other personality traits are given attention in adopting HR Strategies since openness is seen as the most dominant in adopting HR strategies.

It is recommended that other components of n-Ach be used together with personalities to ensure proper HR strategies are adopted.

It is recommended that the use of n-Ach and personality not only be applied in small businesses as even larger companies can use them.

Previous research has suggested that the need for achievement is positively related to entrepreneurial persistence; it is therefore recommended that n-Ach be used small business owners with other personality traits when adopting an HR strategy.

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## ANNEXURE A



### COVER LETTER

**07 November 2017**

Dear Respondent

My name is Nokuthula Moni. I am Masters Student in Human Resources Management at the Central University of Technology (CUT) in Bloemfontein, Free State. I am conducting a questionnaire on how individual characteristics influence the management of human resources among SMEs in the Mangaung Metropolitan area. This study is supervised by Prof Crispin Chipunza who can be contacted on the following contact details:

Prof Crispin Chipunza: 051 507 3218/061 138 7325 or [cchipunza@cut.ac.za](mailto:cchipunza@cut.ac.za)

I would be grateful if you take your time to complete this questionnaire. Your responses to this questionnaire are treated voluntary and will be treated with strict confidentiality. The questionnaire will be filled anonymously and the responses will be reported in an aggregate form. The study is for academic purposes only, and no information obtained will be for public consumption.

I will be thankful if you would answer all sections of this questionnaire as honest as possible.

Yours faithfully

Nokuthula Moni.

## ANNEXURE B

### QUESTIONNAIRE

#### SECTION A: BIOGRAPHIC INFORMATION OF THE PARTICIPANTS

Indicate your responses by ticking  the relevant option in the boxes provided

1. Gender

Male	1	Female	2
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2. Age

Below 21 years	1
Between 21 - 30	2
Between 31 - 40	3
Between 41 - 50	4
More than 51 years	5

3. Marital Status

Never married	1	Married	2	Divorced/ separated	3	Widowed	4
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Other (Specify).....

4. Highest Qualification

Below Gr. 12	1
Gr. 12	2
Certificate	3
Diploma/degree	4
Other (specify).....	5

5. Number of years in Operation

Less than 1 year	1
Between 1 to 5 years	2
Between 6 to 10 years	3
Between 11 to 15 years	4
More than 15 years	5

6. When did you start your business?

Please state.....

7. How was the business started?

Self start	1	Inherited	2	Purchased	3
Leasing	4	Other (specify).....			5

8. In which sector is your business?

Agriculture & Forestry/ Wildlife	1
Business & Information	2
Construction/Utilities/Contracting	3
Education	4
Finance& Insurance	5
Food & Hospitality	6
Gaming	7
Health Services	8
Motor Vehicle	9
Natural Resources/Environmental	10
Personal Services	11
Real Estate & Housing	12
Safety/Security &Legal	13
Transportation	14
Other (Specify).....	15

9. What form of ownership is your business?

Sole trader	1	Partnership	2
Private Co.	3	Public Company	4
Other (specify).....			5



**SECTION B: This section is about what drives you as a manager or business owner.**

**Instructions to respondent:**

Please do not leave any item unanswered

Indicate your level of **agreement** with each of the following statements by ticking  the appropriate box.

		<b>Strongly Disagree 1</b>	<b>Disagree 2</b>	<b>Neutral 3</b>	<b>Agree 4</b>	<b>Strongly Agree 5</b>
<b>B1</b>						
10	When doing a job, I need feedback	1	2	3	4	5
11	After starting a task, I am uncomfortable until it is finished	1	2	3	4	5
12	I work better when there is a deadline.	1	2	3	4	5
13	I work best when there is some challenge involved	1	2	3	4	5
14	I accept responsibility eagerly	1	2	3	4	5
15	When given responsibility, I set measurable standards of high performance	1	2	3	4	5
16	I desire to outperform others	1	2	3	4	5
17	I get completely involved in a project	1	2	3	4	5
18	I desire unique accomplishments	1	2	3	4	5
19	I am restless and innovative.	1	2	3	4	5
20	I think about my goals and how to attain them	1	2	3	4	5
<b>B2</b>						
21	I prefer to work alone and be my own boss	1	2	3	4	5
22	I enjoy a good argument	1	2	3	4	5
23	Status symbols are important to me	1	2	3	4	5
24	I would rather give orders than take them	1	2	3	4	5

25	I am eager to be my own boss	1	2	3	4	5
26	I prefer to be in-charge of events	1	2	3	4	5
27	I am concerned about my reputation or position	1	2	3	4	5
		<b>Strongly Disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>Neutral</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>
28	I want my ideas to be used	1	2	3	4	5
29	I enjoy influencing the direction of things	1	2	3	4	5
30	I am verbally fluent	1	2	3	4	5
31	I think about ways to change people	1	2	3	4	5
<b>B3</b>						
32	I am uncomfortable when forced to work alone	1	2	3	4	5
33	I go out of my way to make friends with new people	1	2	3	4	5
34	I am always getting involved with group projects	1	2	3	4	5
35	I am sensitive to others, especially when they are angry	1	2	3	4	5
36	I get personally involved with my superiors	1	2	3	4	5
37	I include others in what I am doing	1	2	3	4	5
38	I am concerned about being liked and accepted	1	2	3	4	5
39	I enjoy and seek warm, friendly relationships	1	2	3	4	5
40	I don't like being left out of things	1	2	3	4	5
41	I think about consoling and helping others	1	2	3	4	5
42	I think about my feelings and the feelings of others	1	2	3	4	5

**SECTION C: This section is about items that apply or may not apply to you**

**Instructions to respondent:**

Please do not leave any item unanswered

Indicate your level of **agreement** with each of the following statements by ticking  the appropriate box.

		<b>Strongly Disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>Neutral</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>
<b>C1</b>						
43	I am talkative	1	2	3	4	5
44	I tend to find fault with others	1	2	3	4	5
45	I do a job thoroughly	1	2	3	4	5
46	I am depressed, blue	1	2	3	4	5
47	I am original, I come up with new ideas	1	2	3	4	5
48	I am reserved	1	2	3	4	5
49	I am helpful and unselfish with others	1	2	3	4	5
50	I can be somewhat careless	1	2	3	4	5
51	I am relaxed, handle stress well	1	2	3	4	5
52	I am curious about many different things	1	2	3	4	5
53	I am full of energy	1	2	3	4	5
54	I like to start quarrels with others	1	2	3	4	5
55	I am a reliable worker	1	2	3	4	5
56	I can be tense	1	2	3	4	5
57	I am creative and a deep thinker	1	2	3	4	5
58	I have lots of enthusiasm	1	2	3	4	5
59	I am forgiving in nature	1	2	3	4	5

		<b>Strongly Disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>Neutral</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>
60	I tend to be disorganized	1	2	3	4	5
61	I worry a lot	1	2	3	4	5
62	I have an active imagination	1	2	3	4	5
63	I tend to be quiet	1	2	3	4	5
64	I am generally trusting	1	2	3	4	5
65	I tend to be lazy	1	2	3	4	5
66	I am emotionally stable, not easily upset	1	2	3	4	5
67	I am inventive	1	2	3	4	5
68	I can be cold and aloof	1	2	3	4	5
69	I perseverer until the task is finished	1	2	3	4	5
70	I can be moody	1	2	3	4	5
71	I value artistic, aesthetic experiences	1	2	3	4	5
72	I am sometimes shy, inhibited	1	2	3	4	5
73	I am considerate and kind to almost everyone	1	2	3	4	5
74	I do things efficiently	1	2	3	4	5
75	I remain calm in tense situations	1	2	3	4	5
76	I prefer work that is done in routine	1	2	3	4	5
77	I am outgoing, sociable	1	2	3	4	5
78	I am sometimes rude to others	1	2	3	4	5
79	I make plans and follow through them	1	2	3	4	5
80	I get nervous easily	1	2	3	4	5
		<b>Strongly Disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>Neutral</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>

81	I like to reflect, play with ideas	1	2	3	4	5
82	I have few artistic interests	1	2	3	4	5
83	I like to cooperate with others	1	2	3	4	5
84	I am easily distracted	1	2	3	4	5
85	I am sophisticated in art ,music or literature	1	2	3	4	5

**SECTION D: This section focuses on the management of your business**

**Instructions to respondent:**

Please do not leave any item unanswered

Indicate your level of **agreement** with each of the following statements by ticking  the appropriate box.

		<b>Strongly Disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>Neutral</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>
<b>D1</b>						
86	I provide intensive training for new employees	1	2	3	4	5
87	I recruit new employees for entry level positions	1	2	3	4	5
88	Employees are given some benefits for job security to feel comfortable in my organisation	1	2	3	4	5
89	I view employees as long term investments	1	2	3	4	5
90	For promotional posts I recruit staff internally	1	2	3	4	5
91	The business focuses on a narrow product range	1	2	3	4	5
92	In my business efficiency is the first priority	1	2	3	4	5
<b>D2</b>						
93	I always want to work with experienced employees	1	2	3	4	5
		<b>Strongly Disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>Neutral</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>
94	I want to work with employees who are not afraid to take risks	1	2	3	4	5

95	I encourage innovation and creativity in the business	1	2	3	4	5
96	I make use of external recruitment for all available positions in the business	1	2	3	4	5
97	The business prioritizes new product or service to meet new and changing customer needs	1	2	3	4	5
98	The business has a broad product or service line	1	2	3	4	5
99	My business promotes creativity over efficiency	1	2	3	4	5

**Thank you for your time in completing this questionnaire!!**