The Role of Organizational Development in Understanding Leadership To Achieve Sustainability Practices in Small to Medium Enterprises

Heather Stewart, PhD
Griffith University

Rod Gapp, PhD
Griffith University

Heather Stewart, PhD is a lecturer in management from Griffith University, Australia. After more than 15 years of management experience in both corporate and small business her research is focused on qualitative management research with her doctorate exploring the collaboration and continual learning of sustainable management practices in the SME context.

Rod Gapp, PhD is a senior lecturer at Griffith University's Business School, Australia. He has over 20 years of experience in organizational development focused on enhancing outcomes through individual and group development in areas of innovation, change, quality and sustainable management practices. Current research interests include health and SME management aimed at building intrapreneurial teams.

Abstract

To deepen understanding of situational leadership practices in the small to medium sized enterprise (SME) a qualitative case study is employed to investigate the interventions and uptake of sustainable management practices (SMP) found in previous research. The entrepreneurial organization researched had achieved award-winning status for their leadership in sustainability. Given the need to build understanding an abductive approach focused on "why" and "how" does situational leadership impact organization development. Effective and beneficial characteristics of situational leadership are identified to highlight practical and achievable innovations in the SME context.

Keywords: Small to medium enterprises, situational leadership, sustainable management practices

Contact Information:

Heather Stewart, PhD

Griffith University
Griffith Business School
International Business and Asian Studies
Gold Coast Campus
Parklands Drive, Southport,
Queensland, 4222
Australia

Email: h.stewart@griffith.edu.au

Rod Gapp, PhD

Griffith University
Griffith Business School
International Business and Asian Studies
Gold Coast Campus
Parklands Drive, Southport,
Queensland, 4222
Australia

Email: r.gapp@griffith.edu.au

Unlike large organizations, small to medium enterprises (SMEs) are often owned and operated by the same person (Hörisch, Johnson, & Schaltegger, 2014) making leadership and sustainable management practices (SMP) direct activities rather than distant processes. In the Australian context an SME is defined by employment (under 200 employees), however, the majority of SMEs have less than 50 employees (Australian Government, 2015). Adopting SMP can provide a competitive advantage and for this context is broadly defined as the business actions that advance social and environmental good, whilst complying legally and ethically in financial terms. SMP goes beyond the immediate concerns of the organization, its shareholders and legal requirements (Hörisch et al., 2014). This paper builds on previous research where continual learning of SMP positively impacted on the SME's culture (Stewart & Gapp, 2014). In this study, it became clear that the leader and his style of leadership was a driving force for organizational development (OD). From these findings, the relationship between situational leadership, learning and the development of SMP within an SME emerged. Exploring these outcomes is called for to extend SME research through new perspectives for understanding sustainability (Spence, 2014), specifically the entrepreneurial leadership style that underpinned the successful adoption of SMP

noted in the prior research. The SME researched was notable for exemplary SMP validated through success in obtaining prestigious State and National awards. The strong connection to Hersey and Blanchard's situational leadership theory (SLT) (Hersey, et al., 1979; Hersey & Blanchard, 1969; Hersey, et al., 2001) and OD was observed. This observation was identified (while not searched for) and led to the research questions of this current study:

- Why is SMP operationalized when there is a situational leader?
- How does SLT impact the development of the organization?

To answer these research questions the researcher has engaged with the limited literature in the area of SMP, OD and entrepreneurial leadership within SMEs through the lens of SLT. In doing so, the SME leader is connected to entrepreneurial leadership and specifically SLT, which is later noted and evidenced as the preferred and inherent approach of the organization studied. This organization is described as dynamic and well placed to adopt SMP through the leadership of their owner and manager. The methodology extends the interpretivist case study through a reflective approach with data analyzed using the software platform, *Leximancer*. From this the results are presented through the engagement and interaction with the lexical analysis and SLT to visually portray the depth and richness of the case study. The findings are overlaid and discussed through the SLT lens that lead to the conclusions where post research discussions are noted to highlight the impact of SLT on the SME leader.

Entrepreneurial SME leadership and SMP practices

Although SMEs account for over 95% of all enterprises (International Labour Office, 2015), SMP research is focused on large organizations leaving SMEs under-investigated (Stewart & Gapp, 2014). Previous studies showed participatory approaches, advanced innovation, co-operation and competition that positively aligned with SMP adoption within SMEs (Stewart & Gapp, 2014; Revell, Stokes & Chen, 2010). Additionally, SMEs need their own management and leadership styles that are not based on large organizational research (Hörisch, et al., 2014; Tseng et al., 2010). The study of entrepreneurial leadership relative to SMP is significant and substantial to business responsibility, yet rare (Carroll & Shabana, 2010; Sheppard et al., 2013). Proactive SMP promotes the generational alternatives that provide pecuniary developments while addressing social and ecological crises (Sheppard et al., 2013). Globally the increased uncertainty in business has challenged SMEs, causing a sense of urgency in terms of competition

and the need for innovative strategies.

SMEs are substantial contributors to global business and employment (Lewis, Cassells & Roxas, 2014; Stewart & Gapp, 2014) yet defined by geographical boundaries (MacGregor & Vrazalic, 2008). In Australia, SMEs account for 99% of businesses and approximately 70% of total employment (Australian Government, 2015; Australian Bureau of Statistics, 2007). Research into SMP amongst SMEs, whilst increasing is minimal, compared to studies on large organizations (Mirocha, et al., 2013; Lewis, et al., 2014; Hörisch, et al., 2014). SME leadership is positively linked to SMP adoption (Murillo & Lozano, 2009; Spence, 2016) and strong leadership is necessary to champion SMP (Jenkins, 2006; 2009). Leadership needs to be aligned with the values and tenets of the SME (Mirocha, et al., 2013; Spence, 2016). This alignment is shown in a study of 24 United Kingdom SMEs where the championing of SMP by the owner or manager was revealed to be a core driver of SMP (Jenkins, 2009). There is a lack of bureaucracy as SME owners are usually the manager, which is an advantage for SMEs when actioning values based on SMP (Jenkins, 2009). SME leadership is particularly idiosyncratic and grounded in the ownership, industry and culture (Mirocha et al., 2013). Despite the interest in SME leadership and sustainability, understanding is limited and is a matter for redress given the vital input.

Leadership has been widely researched yet due to the contextual and individual complexities and diversities "there is still much to be discovered about the nature of leadership" (Gilbert et al., 2016, p. 158). There are difficulties for researchers in engaging with the SME and their leaders (Bolden, 2003; Cassells & Lewis, 2011). Highlighting the challenges of the SME leader, Bolden's (2003) study revealed the issues of multiple roles covered by the SME manager and the importance of delegating in developing long term strategies. Stewart (2009) contended that the primary challenge of SMEs is leading change and demonstrating the benefits for SMEs in applying OD in improving leadership skills. Leadership strategies for sustainable enterprises were identified as a "primary management tool" (Kerr, 2006, p. 31) indicating leadership as central to the embedding of SMP. SME benefits include low hierarchy, however, the lack of resources, finances and the individualistic nature of SME leadership are definitive challenges (Cassells & Lewis, 2011; Hörisch, et al., 2014). Fiscal savings from acting sustainably and working to a low carbon economy creates new business opportunities with advantages of attracting new customers, improving staff retention and positive organizational branding (Revell, et al., 2010).

Blackburn and Kovalainen (2009) position

the "novel" aspects of the small business sector as providing prime areas for research, which include ethics, environmental practices and social views (p. 136). The power and potential of collaborative relationships is a catalyst for SMEs to become leaders versus laggards in educating and engaging in SMP (Lewis et al., 2014; Revell et al., 2010). SMEs are motivated by the business case to improve sustainability performance, yet complexities of "documentation and preparation" can be a barrier to implementation (Lewis, et al., 2014, p. 8). When adopting SMP, SMEs identify advantages in terms of communication efficiencies, less bureaucracy and immediacy of benefits through low levels of hierarchy, less complexity in decision-making and problem solving with greater potential for transparency (Jenkins, 2006; Revell et al., 2010; Stewart & Gapp, 2014). The SME leader needs to be multi-skilled and adaptive in order to cover the many tasks that arise (Andersson & Tell, 2009). Leveraging the synergy and collaboration within SMEs holds prospects, benefits, and opportunity for all stakeholders (Jamali et al., 2009). The SME leadership can be idiosyncratic with the owner and manager generally being the same person, consequently bound to that person's values, beliefs, personality, and skill set (Murillo & Lozano, 2006; Tseng et al., 2010). The ability to change actions and behaviors is a sign of an effective leader. In the extreme, the SME leader demonstrates the split personality of Dr. Jekyll and Mr. Hyde as they need to "have a bit of everything and be able to adapt the work according to whatever the situation" (Andersson & Tell, 2009, p. 591).

Entrepreneurial and Situational Leadership Theory (SLT)

Studying the leadership style of SMP within a best practice SME advances understanding and provides an exemplar. Exemplars inspire others, set standards and levels of new norms along with developing innovative organizational practices. Entrepreneurial approaches have been described as risk taking (Bang et al., 2010; Drucker, 1970) whilst Schumpeter (1947) characterized entrepreneurship as "simply the doing of new things or the doing of things that are already being done in a new way (innovation)" (p. 151). Drucker (1993) claimed information and knowledge as the new wealth. Bringing this wealth through information and knowledge means that sustainable development is needed in organizations (Hörisch et al., 2014). After studying the evolution of entrepreneurial leadership, Renko et al. (2014) determined it "entails influencing and directing the performance of group members toward the achievement of organizational goals that involve recognizing and exploiting entrepreneurial opportunities" (p. 2).

Contingency leadership theories have

flourished since the 1950s with noted theorists and theories such as Fielder, Vroom-Jago, House's Path-Goal theory, and Hersey-Blanchard's SLT that are popularized in many management textbooks. Despite the adoption of contingency leadership in teaching management, the research in this area is dwindling with emphasis on the neo-classical theories (Dinh et al., 2014). SLT has been classified as a behavioral theory (Bass, 2008) and a contingency theory (Yukl, 2011) with both ideas holding validity (McCleskey, 2014). The behavior focus is on the leader with a focus on task or people, hence the links to the behavioral leadership theory. The contingency theory links to the shifts in effective leadership as the follower matures, which is aligned with other contingency-based leadership theories noted. The situational leader's style is contingent upon the aptitude and readiness of the employee (Caster, 2001). Despite limitations of consistency, continuity and conformity, there is no universal leadership theory (McCleskey, 2014).

SLT was identified for its suitability in examining the entrepreneurial spirit in sourcing SMP solutions and to extend scholarly application of this theory. The focus on relationships between the leader and the follower provided the research lens to view the changing dynamics and the adaptability of the leader's style, in the context of developing the organization's adoption and embedding of SMP (Sims et al., 2009; Salehzadeh et al., 2015). The follower and the environment are aspects of SLT that align with entrepreneurial definitions to enhance the leader's outcomes (Kent, 2005; Thompson & Vecchio, 2009; Furu, 2012). Kent (2005) describes the separation and distinction of leadership and management as "indefinable" (p. 1010). This emphasizes the contextual application of leadership styles and the need to provide a lens to advance understanding. The value of SLT is acknowledged through its extensive use in academic teaching and the operationalization by businesses and governments (Papworth et al., 2009; Thompson & Vecchio, 2009; Australian Government, 2013). SLT is presented and studied in management courses with anecdotal support in industry, yet limited to academic studies particularly from the interpretivist view (McCleskey, 2014; Papworth et al., 2009). The need to investigate and validate this model is warranted. For the context of this study, SLT is supported by SMP entrepreneurial actions and behaviors. The leader's behaviors are emphasized in SLT relative to the followers, for without followers there is no leader (Drucker, 1993; Hersey et al., 2001).

Situational leaders are cognizant of employees' (followers) abilities, skills, and potential. When the situational traits are combined with aptitude and willingness, the leader is able to

develop the follower's performance according to the context of the workplace setting (Walters, 2001). SLT is underpinned by no singular best way to lead as the leadership role is dynamic and influenced by followers and the conditions (Caster, 2001; Hersey et al., 2001). In SLT, the potential for growth and vision is critical to the effective leadership of SMP in the organization (Crossman & Crossman, 2011). When given the chance SLT holds the principle that followers will respond positively (Hersey et al., 2001; Furu, 2012). The observed application of SLT is fitting and appropriate to explore in the case of both the SME environment and SMP requirements. The leader's relationship behavior is on a continuum from high to low depending on the maturity and degree of support needed. Task behavior is relative to the leader's direction, setting of goals, and defining of roles (Hersey et al., 1979). Relationship and task behavior interact to indicate the relevant stage of the leader and follower, as can be seen in Table 1 with the four stages defined.

The traits and fundamentals of SLT in action achieve the appropriate leadership style for a given situation. Similar to the SME leader, situational leaders commonly assume different tasks and styles in a single day, as the situational leader's response is contingent on the individuals involved and the dynamics of the environment (Crossman & Crossman, 2011; Sims Jr, Faraj, & Yun, 2009; Spence, 2016). Employees require the SME leader to understand the given situations and to moderate their communication for the task and work context (Hersey et al., 2001). Assuming an appropriate and effective style of leadership and communication is fundamental for SMP success. While the practitioner and educational community applies and uses SLT, there is limited practical research. This paper takes a point of departure where evidentiary research of SLT is the focus through a qualitative case study of applied practice. By addressing the research questions, this paper extends both the practical and academic understanding of SLT in the

Table 1

Situational leadership showing maturity and levels of followers

Telling	High task and low relationship behavior (low maturity) Leader needs to direct the what, how, when and where.
Selling	High task and high relationship behavior (low to moderate maturity) Direction still required by the leader & follower is unable to take responsibility
Participating	Low task and high relationship behavior (moderate to high maturity) Leader takes a role of facilitation & decision making is shared
Delegating	Low task and low relationship behavior (high maturity) Follower has ability and motivation & can make decisions and require little direction

(Hersey et al., 1979)

context of OD.

Background to the studied SME

Opening in 2004 the SME, known as GGC, was a seven-day a week retail business with a combination of 45 (full and part-time) staff. To address increasing competitive pressures and costs, low profit margins and continuing retail slowdown resulting from online shopping the Managing Director, James, was determined to differentiate GGC from their competitors through community connections and initiating GGC's "sustainability journey." Despite challenges in the sector, Australian SMEs support 10.7% employment and contributes 4.1% of gross domestic product (Australian Government, 2011). Government programs provided initial support for GGC's sustainability journey including the accreditation of EcoBiz. With a change of government this developed into collaboration with other SMEs seeking to achieve SMP (Stewart and Gapp, 2014). GGC appointed Eco Champions who promoted and coordinated teams as a component of the SMP implementation. Central to these initiatives was James' leadership and passion in 'making a difference,' which materialized through practical application of SMP in 'doable' areas. SMP achievements including recycling, education and goal setting developed across the business to become an overarching principle.

Methodology

An applied reflexive approach was used in this research to build on the findings of an interpretivist case study. This qualitative approach was adopted for the advantages of constructing social reality and focusing on the interactive events versus measuring objective facts (Neuman, 2014). Specifically, the qualitative case study research lends itself to the "situational" boundaries where the aim is to gain depth and richness (Yin, 2011). The SME researched was an award-winning business recognized across industries by the state government for their best practice in sustainability. Given the exploratory nature of this research and the need to build understanding rather than measure existing concepts, a qualitative abductive approach is taken (Blaikie, 2010; Patton, 2002). As this investigation is of real-life relationships within an existing business and examined players in action, an interpretive case study methodology was justified (Yin, 2011). This approach produced a substantial amount of data from a smaller group of people (Neuman, 2014) to extend understanding of SLT and SMP in an SME (Parris & Peachey, 2013). Semi-structured interviews and observations provided data that generated understanding of the participants' experience (Easterby-Smith et al., 2002), to inform the why and how SLT impacted and operationalized SMP. Drawing on the 45 staff

members, 13 participants were interviewed over five visits. Participants included the owner/manager, two Eco Champions, three from management or administration roles, and seven from the shop floor. There were seven males and six females ranging from approximately 20 to 60 years of age, a ratio representative of the business.

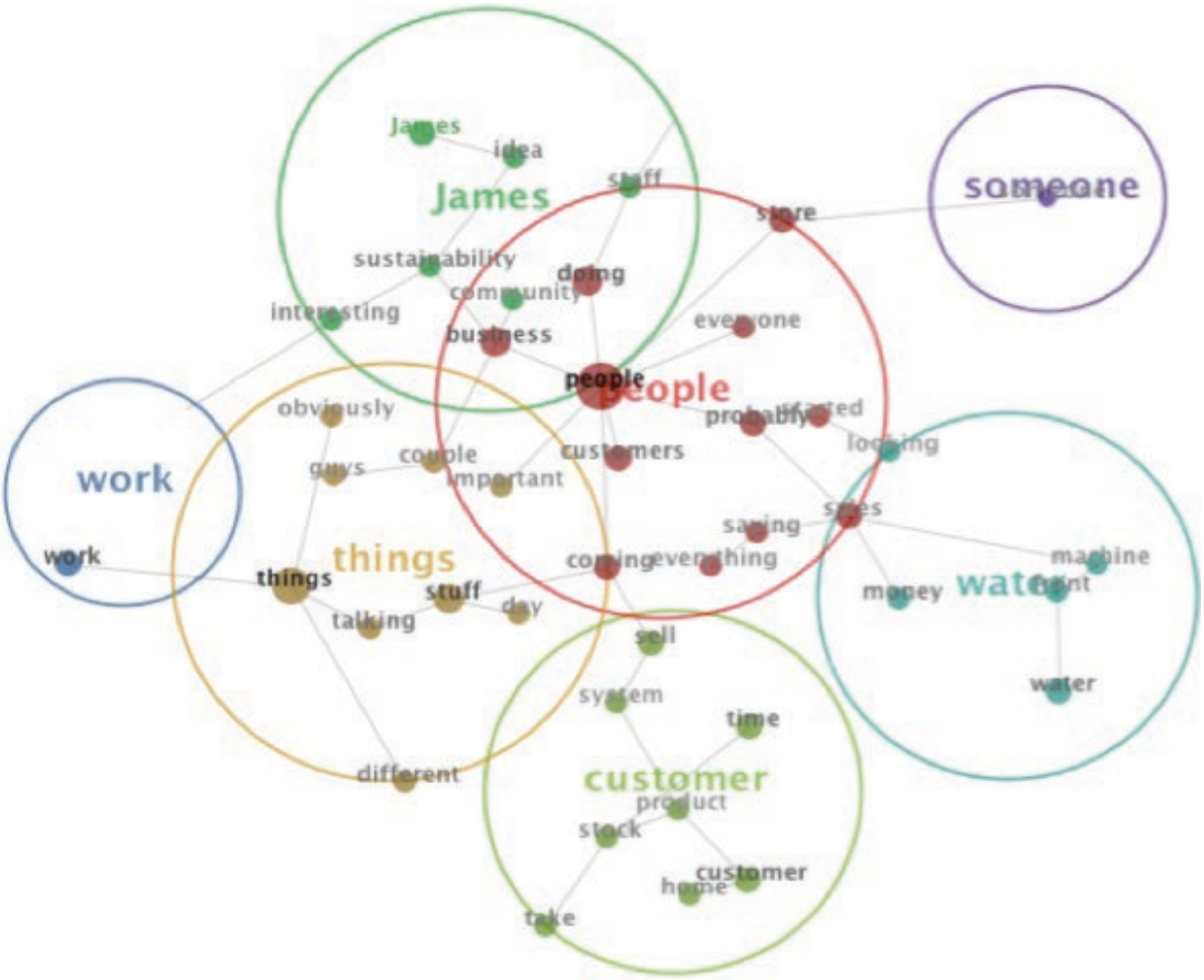
Data analysis

Both authors were involved in the data collection of observations and semi-structured interviews to build within methods credibility (Janesick, 2015) and the opportunity to note participants' physical responses. After transcribing the interviews, the Word documents were uploaded into *Leximancer* software that uses both concept and rational analysis. This analysis uses a complex interaction to derive concepts automatically in a grounded fashion through the application of a machine based learning technique, thereby removing the need for human interaction to choose words. Concepts found as words, phrases or sentences are then grouped where connectivity can be used to indicate the importance of themes (Cretchley et al., 2010).

Leximancer is a complex analytical text-mining tool that creates visual maps of the concepts and themes, reduces the potential for human bias, and promotes objectivity (Cretchley et al., 2010; Stewart & Gapp, 2014). The use of qualitative analysis software packages has become more common for analyzing substantial quantities of transcribed data (Easterby-Smith et al., 2002). Any thematic analysis of qualitative data is not a prescriptive process, but one that requires the researcher to be intimate with the data and to apply a holistic and reflexive approach (Janesick, 2015) and *Leximancer* provides this foundation (Smith and Humphreys, 2006). Subsequent to checking and reviewing the transcribed data, *Leximancer* generated lexical themes by clustering conceptual words. This process is equivalent to manually reading the document and looking for meaning a thousand times. *Leximancer 3.5* created seven themes from 32 concepts that are presented in a two-dimensional lexical map (Figure 1). This cluster map depicted the dominant theme *people'* by the red dot and largest circle, with other themes of *James* (the leader), *water, customer, things,* and *work* indicated in descending order of strength via a color coding system that moves from warm (strong) to cool colors. Concepts (in italics) are presented within the primary themes from most to least influential in the following paragraphs and supported through observations.

People theme: People - the dominant, first order theme included internal and external relationships that the leader/owner James often referred to as "partnering" and reflected in other concepts including *customer, staff,* and *community*

Figure 1. Leximancer analysis of semi-structured interviews



which strengthen this position. At the core of *people* were the concepts of *everyone* and *everything* coming together to form a *community* that was built around the *store,* its *staff,* the *business,* and *important customers.* Leadership was demonstrated in the direct and entrepreneurial interaction developed to initiate the SMP focus, which included *people, everyone,* and *everything.* As a natural component of most leadership theories these concepts provided a direct link to the relationship focus of SLT. This is amplified as James emphasized the inclusion of stakeholders, the staff, the suppliers, and the customers. Within this context a sense of *community* was fostered and represented through staff attitudes, successes and reputation. Participants demonstrated the significance of the *people* theme with the following statements:

> ***Participant E:*** *"we can actually promote it [SMP] to our customers, our local community, to the business community as well"*
>
> ***Participant G:*** *"I have never worked for a*

company that looks after you so well—that is important. I have worked for James before and I did come here [GGC] with him"

Participant I: *"...saves heaps of money as well and also keeps people pretty happy, but it's the untold part of the story?"*

Participant J: *"we get it [SMP] out there and start telling our customers and explain to the customers what we do and also developing it from our culture within the business what sustainability is…"*

James: *"The whole Eco Champion title is very much a part of our ongoing culture... that's how I found out that two employees… both had degrees. One a degree in Strategic Planning… the other had a degree in Environmental Science."*

The focus on James as a leader is evidenced with the second strongest theme representing him. Two staff worked for James previously in another organization and joined him when he started GGC. Commitment to *people* is demonstrated with Participant D who began at GGC for high school work experience and five years later is still there. Participant D, a woman in her twenties, spoke of peers outside of work who viewed her loyalty to GGC and specifically to James as an anomaly, to the extent that they showed envy due to her job satisfaction and engagement. When questioned about future plans, she had no hesitation in responding that she intended to continue her employment with GGC for the next five years. As Participant D spoke about the focus on relationships and her career development, the benefits to her became evident. Participant D had moved around the retail business, gaining experience across many aspects of the business and enjoyed the opportunities of learning new skills and knowledge within the respective departments.

At this point James' relational strength linked SLT's "Relationship behavior," when the leader is able to read a situation and apply an appropriate level of emotional or social support (Hersey et al., 2001). Participant F encompassed the significance of the *people* theme highlighting how everyone in this *community*, including the *customer* needed to feel *important* when they visit GGC, "you want to *work* in a pleasant place; but also you want to feel you are 'making a difference,' you want to feel you are contributing; and that is what James allows." James enabled staff through delegation via the Eco Champion roles and reinforced his collaborative partnering philosophy by valuing employees, which then cascaded onto other stakeholders. Ultimately, this returned to the business a sense of pride and belonging along with a connection to the wider community.

James theme (Leader): The second theme, *James* (the leader) provided evidence of the

relationships through the task and readiness foci of SLT. Focused on the task behavior of GGC's "*sustainability* journey" was James' *idea* as he wanted *interesting* and niche modes to manage his *business*. The first integration of SLT is "relationship behavior" and is demonstrated when engaged *staff* elaborate on the many ways of communicating the task ahead. James encouraged individuals to engage with the process and communication of sustainability. James employed an external third-party sustainability mentor who supported staff in SMP initiatives, "I always knew that we needed a conduit between myself and the whole staff. Because 45 staff... I can't always communicate to 45 people." James had an open-door philosophy although it was not possible for James to be physically present across a seven-day roster. To overcome this, all staff members had the opportunity to participate and contribute through the third party mentor who held regular workshops that resulted in the Eco Champion roles within GGC.

Participant J provided evidence of the SLT "task behavior" trait in terms of drive and follow-up behavior from James with regular meetings on SMP within the business. Participant J stated "...James continues on pretty much every day by leading and reinforcing the sessions." Pictorially this task focus is demonstrated on a training poster in the staff room. This poster depicted a three-carriage train: carriage one represented employees who were completely on board with SMP; carriage two portrayed being on board but not fully present; and carriage three signified people not participating as team members. Participant C explained how this works, "instead of blatantly saying to another team member that they were not contributing, the reference to them being in the third carriage was a non-threatening way to ensure their behavior was being addressed." These task and relationship behavioral styles of SLT are reflected in the train metaphor needed to support the adaptive nature of situational leadership (Thompson and Vecchio, 2009; Furu, 2012).

Water theme: An initial leadership action is to start by pinpointing a time (Senge, 2006). The starting point for this organization was *water*. James' first SMP initiative was in response to a drought lasting for eight years, so an education process with staff understanding the water efficiencies of *front*-loading washing *machines* in comparison to others began. While further sustainable initiatives were being developed, this project was the most topical with staff (high task and low relationship—telling). The new understanding was shared with customers through a factual and soft learning strategy as staff presented the positive features of *front*-loading washing *machines* in terms of *water* and *money* savings (low task and high relationship behavior). To communicate the message, an in-store display of

28 (10 litre) buckets exemplified the *water* usage of top loading machines and five green buckets for front loading machines—a difference of 23 red buckets. The bucket display became a key selling and telling aid for the *front*-loading washing *machines* (low relationship and low task) that empowered staff as they educated customers and improved *sales*. All participants keenly referred to the "buckets example" in their interview, revealing an organizational language evolving around this narrative. Participant L gave understanding of the *water* theme through the scenario:

> *"...we become the number one sellers in front load washing machines. We were pushing out more front loaders... This was our first introduction to saving electricity and saving the water, but we had to keep talking the talk all the time... It became part of our selling technique."*

Customer theme: The next theme *customer* is linked to the preceding themes to underpin the collaborative leadership of SLT. Followers as stakeholders or *customers* are visible in James' SLT approach. Ensuring *stock* is immediately obtainable so customers can *take home* their purchases at the time of purchase is a matter of good *timing*. At GGC there is the firm belief that their actions and behaviors directly reflect on their relationship with the *customer*. *Selling* and matching the most appropriate *product* to the customer's need is essential. Participants F and I reinforced this in their statements:

> ***Participant F:*** *"... if Jo Blo in the competitor hasn't been trained and he sells a unit that's not of the correct capacity, whether it be too big or too small, it's inefficient. That's harming the atmosphere as much as letting gas go out through the unit."*
>
> ***Participant I:*** *"Make sure we've got these water saving washers in. These are more important than the other ones."*

Participant G echoed the values of GGC from the back end of operations where, in addition to ensuring every customer is treated in a friendly and courteous manner, larger goods are loaded into customers' cars and home delivered goods come with an offer for packaging to be returned and recycled.

Things and work theme: The interconnected themes of *things* and *work* related to many GGC's norms to *obviously* operate *differently* by doing more than just talking about making a difference. Going beyond what their competitors do in terms of SMP, this organization takes action by undertaking the *stuff,* which is necessary in the *day-to-day* operations of the *work* place. Operating with SMP as a guiding principle was *important* to all stakeholders and indicated by the adaptability of

the leadership style needed to "make a difference." The multiple characteristics and skill sets needed by the SME leader (Andersson & Tell, 2009) are a challenge. Adopting SMP requires adaptation and change that begins in small steps, as Participant C discussed relative to the operations at GGC:

> *"So just little things like that. There's a lot more things we can do and when we're not reinventing the wheel we can actually promote it to our customers, our local community, to the business community as well…. It's not that hard, it just needs a couple of dedicated people in each business to do it and with a part of all the networking that we do, there's always that one or two people who are asking questions and 'What can we do in our business?'"*

Someone theme: The concluding second order theme of *someone* is significant in its linkage to the themes of *store* and *people*. When Participant L was asked, "What has made this place what it is today, sustainability-wise?" His response confirmed the interface of *someone* with the *people* theme to include stakeholders in the GGC *store's* SMP:

> *"I think that we are open to what everyone else is doing, and also what we want to do; if someone says scrap that idea… end of story; but when you have someone who is willing and says maybe we can't do but we can do something similar; then it obviously works for us; when they are actually willing to listen and discuss things."*

Participant L supported task and relationship components of SLT and James' leadership style evidenced through the theoretical link to practice. The uniqueness of SMEs is acknowledged and it is not suggested that this is generalized to all SME leaders. Through James' SLT style he has promoted SMP for his employees. As a result of the adoption of SMP, GGC has benefited financially, environmentally and socially through voluntary actions that encompass an array of stakeholders and are considered further in the next section to answer the research questions.

Findings and discussion

The analysis illustrates SMP behaviors and leadership actions via the four quadrants in the SLT model to demonstrate the relationship change to achieve SMP. Situational requirements prioritize the leadership skills. As SMP developed sustainable products and practices, the need for relationship and task behaviors were evidenced as high (telling). This need for support and task focus in initial OD strategies is necessary to gain confidence, commitment and adoption. The ability to adopt a niche pathway of SMP, the inherent SME organization structure of low hierarchy, low bureaucracy and the flow of new ideas (Revell et

al., 2010; Blackburn & Kovalainen, 2009) enabled the strategies based on collaboration (Lewis et al., 2014). In saying this, the organizational structure of the SME provided the context but this would not have happened without the leader operationalizing this focus.

The emphasis on collaborative relationships formed part of James' strategy in taking his leadership style into educating and engaging in SMP (Lewis et al., 2014; Revell et al., 2010). James' ability to work with his staff and other stakeholders when the task focus is high is part of the role of a manager who leads the development of the organization. Transitioning from a directing role to acting as coach can be difficult for many SME leaders as their connection to the business operations is often deeply connected on emotional and financial levels. Being able to shift to "delegating" to exploit the entrepreneurial spirit is needed to employ supportive mechanisms and ability to encourage and empower staff to make decisions and "be on board" (Hersey & Blanchard, 2001; Caster, 2001). James enacted this transition of the SLT traits to demonstrate how a leader can take, adopt and embrace an innovative strategy. Through the stages of SLT, which was not always a chronological process, support was given to take the ideas into a generalized value throughout the organization with palpable results. Employee longevity and empowerment saw the SMP initiatives grow. James did not change his OD focus to SMP overnight. He allowed it to be a journey of operationalization even to the point when he identified that external help was needed. Employing a consultant took the SMP journey into a phase of decision-making with new visions being developed throughout the whole organization. Not just driven by the leader. This transition is discussed through the SLT model in Figure 2.

The progressive flow through Figure 2 indicates the actions within GGC driven by supportive leadership in order to achieve SMP. The evidence derived from the interviews is restricted by word count but consists of the application of style 1 (high task and low relationship behavior) and started with an external sustainability audit by Ecobiz (government agency). Findings from this audit provided low-level recommendations and outcomes including the installation of a worm farm in the staff lunchroom and a 5% power savings through installing low energy light bulbs. Although this was a start it was not enough to gain real development and a point of difference.

The response to the audit from James and his people was that it was "only tinkering around the edges" of what could be accomplished. The need to "make a difference" saw significant SMP initiatives and processes internalized within GGC. This position shifted the SMP strategy from compliance

Figure 2. SLT relative to the leadership style used at GGC. Adapted from Hersey, Blanchard, and Johnson (2001, p. 459).

Effective Leader Behavior		
Providing supportive behavior Low < ***Relationship behavior*** > high	High relationship/Low task **Style 3** *Above average relationship behaviors and below average task behaviors* **Workshops and meetings – sharing of ideas and facilitating in decision making e.g. 5 year vision**	High task/High relationship **Style 2** *Above average task behaviors and relationship behaviors* **Explain decisions and provide opportunity for clarification e.g. initial ideas James had for 'making a difference'**
	Low relationship/Low task **Style 4** *Below average task behaviors and relationship behaviors* **Turning over responsibility for decisions and implementation e.g. role of EcoChampion**	High task/Low relationship **Style 1** *Above average task behaviors and below average relationship behaviors* Provide specific instructions and closely supervise performance – **Demonstrated through stories about initial phases of CSR and the use of audits as feedback to all involved**
	Providing guidance Low < ***Task behavior*** > high	

to business transformation and development supported by the absence of bureaucracy (Revell et al., 2010; Stewart & Gapp, 2014). The tea room train poster evidenced high task orientation of Stage 1 with employees to "get on board." The poster visually reinforced the organization's language as staff transitioned from high task to high behavior stages. When there were high task relationships this aligned with the second and third carriage in contrast to high behavior demonstrated with the first carriage analogy. In communicating a message and to adopt the 'on board' culture in a larger organization needs a broader and often more expansive method to create the impact this handmade poster created.

James' leadership of his team developed through the styles of the SLT model emphasizing the role of leadership in embedding SMP (Kerr, 2006). This transition began with the "task focused" concepts of partnering with EcoBiz, and the GGC staff introducing and selecting their own Eco Champions, as well as the adoption of sustainable actions and language. Jenkins' (2006)

Norwegian study also demonstrated the positive impact of "championing" SMP in the exemplary SME environment where the limitations of the small business outweighed the opportunities to engender learning. The GGC champions involved all employees to show a shift from high task to high task behaviors via an increased level of involvement. Two employees, with environmentally related degrees, had the skills and passion which provided a "good fit" for the Eco Champion roles. These Eco Champions (delegating—low task and relationship behavior) led the development that recognized the first major sustainability initiative for GGC. After conducting their own auditing system, the Eco Champions discovered that 75% of GGC's waste came from expanded polystyrene (EPS) used in electrical goods packaging. While this waste was identified as substantial, the GGC team was not sure how to resolve the problem.

"Making a difference" was important requiring immediate action and was achievable through flat structures and effective decision-making (Stewart & Gapp, 2014). With the starting initiative of the water issue and the front load washing machine campaign, James' position was characterized by high task behavior which was demonstrated by the bucket display campaign. This behavior described by Hersey et al. (2001) is when the "leader engages in spelling out the responsibilities and duties of the individual or group" (p. 173). James' initiative drove the transition from task to relationship behavior. During this transformation the high relationship behavior increased communication across all stakeholders (staff, customers, and suppliers) in terms of achieving SMP initiatives. The first three years of GGC's transformation saw water savings, measured by state government agencies as over 225 megalitres or 4500 domestic swimming pools, achieved through GGC's increased sales of front-loading washing machines over less efficient models.

Delegation and innovation are issues for the SME leader (Hörisch et al., 2014; Lewis et al., 2014). GGC moved into the participating quadrant with decreased task behavior and increased relationship behavior was achieved by establishing Eco Champions responsible for leading the sustainability journey. To support this change a third party sustainability mentor was contracted to run workshops and meetings. This facilitator collected staff contributions to the five-year plan and vision of GGC through monthly meetings and allowed James to physically transition away from the task emphasis role. As in previous explorations of the SME entrepreneurship, the collaboration of internal and external partners provides the foundation to employ new ideas (Jenkins, 2009; Lewis et al., 2014). In this instance, the facilitator encouraged

collaboration between staff to support the further piloting of SMP initiatives.

The delegation quadrant of lower task behaviors and higher relationship behaviors are described as having lower direction needs in terms of responsibilities and therefore nominal communication (Hersey et al., 1979; Furu, 2012). At this point, James' role as the leader and manager had evolved through the maturing of the staffs' ability (Graeff, 1997). The maturity of the staff and followers was confirmed through the increasing responsibility of the Eco Champions. The GGC staff members' uptake of SMP was exemplified "from a little, to some, to quite a bit, to a great deal through the four levels of increasing subordinate maturity" (Graeff, 1997, p. 155). Metaphorically, a poster of a train in the staff lunch room depicted the role and engagement of staff who self-monitored by the carriages of the train. The development of the organizational language through the train poster is further evidenced with the low leadership input required of James.

In this study, and similar to Jenkins (2006; 2009), the opportunity to pursue SMP can be seen to transcend from a niche to a norm. The entrepreneurial leadership of the SME looks for innovation that often comes from unconventional areas including those found within the SMP. Commercial viability remains a key function yet opportunities are increasingly found in the advancement of environmental and social responsibility. This best practice case has demonstrated the potential and opportunity for SME leadership to overcome many of the barriers and challenges found in previous studies. The benefit and value of being a sustainable enterprise indicated that leadership strategies are a prime tool for management (Kerr, 2006) in the SME context with limited resources and support (Hörisch et al., 2014). SLT offers potential for SME leaders who provide multiple skills that may not be part of their "tool box" or character (MacGregor & Vrazalic, 2008). In contrast to the Dr. Jekyll and Mr. Hyde analogy provided by Andersson and Tell (2009), James' SLT application of SMP enabled GGC's staff to take on tasks initially controlled by the SME leader. Transitioning from the high task behaviors where the leader controls to developing collaborative relationships with staff requires the leader to be flexible and adaptive. As Aristotle professed "the sum is greater than all its parts."

As Jenkins (2006; 2009) and others (Mirocha et al., 2013; Spence, 2016; Stewart & Gapp, 2014) demonstrate, OD within the SME is particularly vulnerable to changes in leadership. Although, adopting SMP through SLT provided positive outcomes beyond fiscal profits through broader potential within GGC, a change in the leader (who is usually the owner) can quickly unsettle the

direction and culture. The internal championing and leadership commitment is key to the success of OD. In the SME, the owner or leader is the driver and instrumental to the implementation of innovations. Through task transition to relationship focus, all participants felt that they were empowered and enabled to make a difference as part of the drive for SMP. In terms of OD, the low bureaucracy and expedient decision-making processes are advantages of the SME that often offset the vulnerability felt by many SMEs (Jenkins, 2009). Operating differently overcame the "take, make, and waste" of past business norms, increasing opportunities for the future (Porter & Kramer, 2011).

Conclusion

The findings and discussion showed that SLT has the potential to develop SMP behaviors and outcomes within the SME context. It was apparent that the stages of SLT provided the lens to explore and investigate the task and relationship behaviors in this SME with the practical application of SMP. In interviewing and observing employees they spoke of their leadership experiences at GGC through applied SMP. The leadership role emphasized James' role that grew into a broader discussion on the adaptable nature of SLT relative to OD. Use of lexical analysis provided themes and responses that could be mapped onto Hersey and Blanchard's SLT that illustrated how the four phases influenced advancement of SMP behaviors and actions within this SME. The aligned findings in the development of SMP behaviors, values, and leadership within the SME environment have supported the academic and practical application of SLT.

This does not suggest a "one size fits all" approach for SME leaders. Through the exploratory context several interesting elements arose. In post research conversations with James it came to light that prior to implementing the SMP focus, he had engaged with Hersey (1979) and Blanchard's (2001) work. In particular, James had read and employed SLT principles, however, had never indicated this at any point of the research. James' prior understanding of SLT was unknown to both researchers. In saying this, since gaining this insight, the passion and commitment to extending the practical and academic understanding has been secured. Given the interpretivist case study, this reflective recognition of applied SLT and the practical nature of SLT are highlighted. This is a theory that practitioners can relate to and apply as evidenced in this case study with the goal to employ SMP to "make a difference." The SMP focus for James took his organization on the journey through his OD innovation implementation. As an additional note, James' leadership took his organization to new heights in SMP throughout the broader community on local, state and national levels of his industry

as evidenced by publicity, public engagement and accolades. This success also extended into James consulting on leadership and SMP into academic and industry contexts.

Engaging and accessing SME leaders is problematic for researchers. There are many reasons why SME research is overlooked but mostly due to the nebulous business context and that the owner/leader is faced with all consuming business complexities. It is acknowledged in this research that the organization and James' transparency needs to be respected and valued. Several successes are "commercial in confidence" thus cannot be shared but have been implied. Contextual and methodological limitations are also acknowledged. However, this research can be extended in terms of SLT, which has practical implications for SME and SMP in separate or complimentary circumstances. This research can extend into other SMEs, industries or geographical cross-sections. It can also be extended into the adoption of SMP within larger organizations where there are multiple leaders and viewing how SLT is employed. This latter direction is of key interest to the researchers. The limited research on leadership and SMP from the SME and larger organizational perspective gives direction for further exploring and fostering SLT in other contexts, to gain insights on OD and SMP theory and practice. Overall, this study has indicated the practical and adaptive nature of SLT, that renders itself to the unique challenges of SMEs and "making a difference" through SMP.

References

Andersson, S, & Tell, J. (2009). The relationship between the manager and growth in small firms. *Journal of Small Business and Enterprise Development, 16*, 586-598.

Australian Bureau of Statistics (2010). 8165.0, Counts of Australian businesses, including entries and exits. http://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatelogue/4B58CF00CD15574FCA25728B000CEEDE?OpenDocument (31 October 2016)

Australian Government (2011). Economic structure & performance of the Australian retail industry, *Productivity Commission Inquiry Report. 56*, 1-563. http://www.pc.gov.au/inquiries/completed/retail-industry/report [31 October 2016]

Australian Government (2013). *Thinking about leadership: A brief history of leadership thought.* http://www.apsc.gov.au/publications-and-media/current-publications/thinking-about-leadership-a-brief-history-of-leadership-thought [20 January 2015]

Australian Government (2015). Statistical snapshot: Small business employment contribution and workplace arrangements. In: Gilfillan, G. (ed.) *Research paper series 2015-2016.* Department of Parliamentary Services; Statistics and Mapping Section.

Bang, A., Cleemann, C.M. & Bramming, P. (2010). How to create business value in the knowledge economy: Accelerating thoughts of Peter F. Drucker. *Management 48*, 616-627.

Bass, B. M. (2008). *The Bass handbook of leadership: Theory, research, & managerial applications* (4th ed.). New York, NY: Free Press.

Blackburn, R. & Kovalainen, A. (2009). Researching small firms and entrepreneurship: Past, present and future. *International Journal of Management Reviews 11*(2), 127-148.

Blaikie, N. (2010). *Designing Social Research.* Polity, Cambridge, UK.

Bolden, R. (2003). Leadership development in SMEs. *Centre for Leadership Studies University of Exeter,* Working Paper 4, 1-19.

Carroll, A.B. & Shabana, K.M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews 12*(1), 85-105.

Caster, M.A. (2001), Survivor: How HR can survive & thrive in the organization, *Organization Development Journal, 19*(2), 79-92.

Cassells, S. & Lewis, K. (2011). SMEs and

environmental responsibility: Do actions reflect attitudes?. *Corporate Social Responsibility and Environmental Management 18*(3), 186-199.

Cretchley, J., Rooney, D. & Gallois, C. (2010). Mapping a forty-year history with Leximancer: Themes and concepts in JCCP. *Journal of Cross-Cultural Psychology 41*(3), 318-328.

Crossman, B. & Crossman, J. (2011). Conceptualising followership: A review of the literature. *Leadership 7*(4), 481-497.

Dinh, J.E., Lord, R.G., Gardner, W.L., Meuser, J.D., Liden, R.C. & Hu, J. (2014), Leadership theory and research in the new millennium: Current theoretical trends and changing perspectives, *The Leadership Quarterly, 25*(1), 36-62.

Drucker, P.F. (1970). *Technology, management and society*. Harper and Row: New York.

Drucker, P.F. (1993). *Concept of the corporation.* Transaction Publishers, New Jersey.

Easterby-Smith, M., Thorpe, R. & Lowe, A. (2002). *Management Research*. Sage, London.

Furu, P. (2012). Culturally contingent leadership behaviour: An analysis of leadership as characterized by Andrea Camilleri's Inspector Montalbano. *Leadership 8*(3), 303-324.

Gilbert, S., Horsman, P. and Kelloway, E.K. (2016), The motivation for transformational leadership scale: An examination of the factor structure and initial tests, *Leadership & Organization Development Journal, 37*(2), 158-180.

Graeff, C.L. (1997). Evolution of situational leadership: A critical review. *The Leadership Quarterly 8*(2), 1453-1170.

Hersey, P., Blanchard, K.H. & Natemeyer, W.E. (1979). Situational leadership, perception, and the impact of power. *Group and Organization Management 4*(4), 418-429.

Hersey, P. & Blanchard, K.H. (1969). Life cycle of theory of leadership. *Training and Development Journal 23*(5), 26-34.

Hersey, P., Blanchard, K.H. & Johnson, D.E. (2001). *Management of organizational behaviour, Leading human resources*. Prentice-Hall, Upper Saddle River, NJ.

Hörisch, J., Johnson, M.P. & Schaltegger, S. (2014). Implementation of sustainability management and company size: A knowledge-based view. *Business Strategy and the Environment.*

International Labour Office, (2015). Report IV: Small and medium-sized enterprises and decent and productive employment creation. *International Labour Office Conference,*

Geneva

Jamali, D., Zanhour, M. & Keshishian, T. (2009). Peculiar strengths and relational attributes of SMEs in the context of CSR. *Journal of Business Ethics 87*(3), 355-377.

Janesick, V.J. (2015), *Contemplative Inquiry: Practicing the Zen of Research,* Walnut Creek, CA; Left Coast Press.

Jenkins, H. (2006). Small business champions for corporate social responsibility. *Journal of Business Ethics 67*(3), 241-258.

Jenkins, H. (2009). A business opportunity model of corporate social responsibility for small and medium-sized enterprises. *Business Ethics: A European Review 18*(1), 21-36.

Kent, T.W. (2005). Leading and managing: It takes two to tango. *Management Decision 43*(7/8), 1010-1017.

Kerr, I.R. (2006). Leadership strategies for sustainable SME operation. *Business Strategy and the Environment 15*(1), 30-39.

Lewis, K.V., Cassells, S. & Roxas, H. (2014). SMEs and the potential for a collaborative path to environmental responsibility. *Business Strategy and the Environment 24*(8), 750-764.

MacGregor, R. & Vrazalic, L. (2008). A profile of Australian regional SME non-adopters of e-commerce. *Small Enterprise Research 16*(1), 27-46.

McCleskey, J.A. (2014). Situational, transformational, and transactional leadership and leadership development. *Journal of Business Studies Quarterly 5*(4) 117-130.

Murillo, D. & Lozano, J.M. (2006). SMEs and CSR: An approach to CSR in their own words. *Journal of Business Ethics 67*(3), 227-240.

Murillo, D. & Lozano, J.M. (2009). Pushing forward SME CSR through a network: An account from the Catalan model. *Business Ethics: A European Review 18*(1), 7-20.

Neuman, W.L. (2014), *Social Research Methods: Qualitative and Quantitative Approaches* (7th ed) Pearson Education. Essex, UK.

Papworth, M.A., Milne, D. & Boak, G. (2009). An exploratory content analysis of situational leadership. *The Journal of Management Development 28*(7), 593-606.

Parris, D.L. & Peachey, J.W. (2013). Encouraging servant leadership: A qualitative study of how a cause-related sporting event inspires participants to serve. *Leadership 9*(4), 486-512.

Patton, M.Q. (2002). *Qualitative research and evaluation methods* (3rd ed.). Thousand Oaks, CA, Sage.

Porter, M.E. & Kramer, M.R. 2011. The big idea:

Creating shared value. How to reinvent capitalism and unleash a wave of innovation and growth. *Harvard Business Review 89*(1), 62-77.

Renko, M., El Tarabishy, A., Carsrud, A.L. & Brännback, M. (2015). Understanding and measuring entrepreneurial leadership style. *Journal of Small Business Management. 53*(1), 54-74.

Revell, A., Stokes, D. & Chen, H. (2010). Small businesses and the environment: Turning over a new leaf? *Business Strategy and the Environment 19*(5), 273-288.

Salehzadeh, R., Shahin, A., Kazemi, A., & Shaemi Barzoki, A. (2015). Proposing a new approach for evaluating the situational leadership theory based on the Kano model: The case of university students. International *Journal of Public Leadership, 11*(1), 4-20.

Schumpeter, J.A. (1947). The creative response in economic history. *The Journal of Economic History 7*(2), 149-159.

Senge, P.M. (2006). *The fifth discipline: The art and practice of the learning organization.* Doubleday, New York.

Sheppard, J.A., Sarros, J.C. & Santora, J.C. (2013). Twenty-first century leadership: International imperatives. *Management Decision 51*(2), 267-280.

Sims Jr, H., Faraj, S. & Yun, S. (2009). When should a leader be directive or empowering? How to develop your own situational theory of leadership. *Business Horizons 52*(2), 149-158.

Smith, A.E. & Humphreys, M.S. (2006). Evaluation of unsupervised semantic mapping of natural language with Leximancer concept mapping. *Behaviour Research Methods 38*(2), 262-279.

Spence, L.J. (2014). Business ethics and social responsibility in small firms. In *Handbook of Research on Small Business and Entrepreneurship,* Chell E, Karataş-Özkan M (eds). Edward Elgar, Cheltenham, UK; 374-391.

Spence, L.J. (2016), Small business social responsibility: Expanding core CSR theory, *Business & Society, 55*(1), 23-55.

Stewart, H. & Gapp, R. (2014). Achieving effective sustainable management: A small-medium enterprise case study. *Corporate Social Responsibility and Environmental Management 21*(1), 52-64.

Stewart, J.A. (2009). Evaluation of an action learning programme for leadership development of SME leaders in the UK. Action Learning, *Research and Practice 6*(2), 131-148.

Thompson, G. & Vecchio, R.P. (2009). Situational

leadership theory: A test of three versions. *The Leadership Quarterly 5*(5), 837-848.

Tseng, Y.F., Wu, Y.C.J., Wu, W.H. & Chen, C.Y. (2010). Exploring corporate social responsibility education: The small and medium-sized enterprise viewpoint. *Management Decision 48*(10), 1514-1528.

Walters, L. (2001). Leading for quality: The implications of situational leadership. *Quality Management Journal 8*(24), 48-57.

Yin, R.K. (2011). *Qualitative research from start to finish.* Guildford Press, New York.

Yukl, G. (2008). How leaders influence organizational effectiveness. *The Leadership Quarterly,19*(6), 708-722.