SME Growth in a Recession

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by

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Abstract
This study examines how a small and medium enterprise (SME) achieved growth in the recession of 2008-09. During the recessionary period, businesses in the UK faced a challenging environment with critical financial shortages and credit squeeze. SMEs, being generally more susceptible in the times of recession, were particularly badly affected. Undeterred by such a difficult economic condition, the case study firm was able to achieve substantial growth in the recession.

Although there are a significant number of studies on the growth dynamics of SMEs, they either concentrate on the natural growth in the normal economic situation, study large businesses or use large-scale data to examine SME performance in a recession. Surprisingly, little exploratory studies focused on the SME growth in a recession are found. This research addresses such gap in the literature through an in-depth study of a successful business in a recession. To do so, this study used plural methods to examine the business growth. It employed the participant action research as the main approach, case study as a design and mixed methods as a strategy to collect and analyse the data. It used both quantitative and qualitative data from primary and secondary sources to analyse the business performance and identify the growth-making factors.

This study found that contextual strategies help SMEs to sustain and grow in a financially turbulent period. The case study firm implemented three management strategies – learning in the organisation, restructuring the organisation and customer-focus – to achieve business performance in the recession of 2008-09. The firm implemented these strategies and associated organisation-works by contextualising and making them ‘fit for the organisation’. All these strategies and organisation-works have a combined impact on the business performance. The outcome of this research, thus, suggests that SMEs may achieve business performance by implementing contextual strategies and associated organisation-works in a systematic way.
Acknowledgement

First, I would like to express my sincere thanks to my supervisors, Dr Angus Cameron and Dr Geoff Lightfoot, for their enormous support, encouragement and guidance throughout this project.

I am grateful to Dr Sigmund Wagner-Tsukamoto for reading my thesis and for his valuable feedback. I gratefully acknowledge the support received from the owner-manager of the case study firm and his team. Thanks are due for providing the firm, allocating staff and sharing the knowledge for research. I am equally indebted to my colleagues and staff at the School of Business for inspiring discussions and administrative support.

This work would be impossible without the incredible support and patience of my wife Mina, and daughters Amisha and Alesha. I am also thankful to all the family members and friends who kindly aided me over the four years of work invested in this thesis. In particular, I am grateful to my sister-in-law, Dr Shakun Paudel, for providing valuable feedback on this work.
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List of abbreviations

AAT – The Association of Accounting Technicians
ATA – Automotive Technician Association
BBA – The British Bankers Association
BEM – Business Excellence Model
CRB – Criminal Record Bureau
EC – The European Commission
FSB – Federation of Small Businesses
ICT – Information and Communication Technology
IMF – International Monetary Fund
IMI – Institute of Motor Industry
LECs – Local Enterprise Companies
MoT – The Ministry of Transport
NBER – National Bureau of Economic Research
NEN – National Enterprise Network
NVQ – National Vocational Qualification
OECD – The Organisation for Economic Co-operation and Development
ONS – The Office for National Statistics
RMI – Retail Motor Industries
SBC – Small Business Charter
SCLECs – Scottish Counterparts of Local Enterprise Companies
SEN – Special Education Need
SME – Small and Medium Enterprise
SWOT – Strength, Weakness, Opportunities and Threats
Chapter One: SME growth in a recession

1.1 Introduction

Early in 2008, the UK economy experienced a continuous fall of GDP and eventually crashed. This event was a shock for the businesses which were not prepared for such economic adversities. The financial institutions were experiencing a lack of fund, the rate of unemployment rapidly increased, and the national turnover declined. Beyond these national issues, the major economies around the world were also facing an economic crisis which ultimately triggered the bankruptcies of Greece and Iceland. This financial crisis was labelled as the 'deepest recession' since the 1930s – see IMF (2009b); Verick and Islam (2010); Sharma et al. (2011).

This echoed my working experience with Martin McColl and Everest Times. When I resigned as a senior manager of a retail business chain Martin McColl in early 2008, my regional manager tried to persuade me saying 'recession is affecting the whole economy, it will be difficult to get another job. Even if you are thinking to start a business, this is not the right time'. Despite this undoubtedly well-meant advice, I joined a group of entrepreneurs, and we established a weekly newspaper called Everest Times in September 2008. We found it difficult to sell the adverts that we needed to sustain the paper, as our customers were complaining about the lack of cash, market contraction, and decreased consumer spending. This situation piqued my attention of investigating small and medium enterprises (SMEs) and their performance in a recession. In the meantime, I saw an advertisement for researching a successful firm and secured the position. Then, we entered into an agreement of conducting this research. Because of the nature of the study agreed by the university, this research had some repercussions on the research design which are addressed later.

These interlinked situations, as stated above, show that the recession of 2008-09 was affecting all the economic activities ranging from national to local economies, and from large businesses to individuals. That is, the clouded economy covered almost every business in the market. For example, more than
70 per cent of SMEs could not achieve business performance during the recession (Cowling et al., 2015; Rhodes, 2016). However, the types and levels of impact were wide-ranging. Some of the major issues experienced by the SMEs were reduced turnover, worsened the financial situation, deteriorated business performance, cancellation of orders, and lack of working capital – see OECD (2009).

Reflecting on the history of economic crises, recessions are not anything new for the UK economy. The UK has faced several recessions throughout history (Elliott, 2012). However, not all businesses suffered by the recession; some prospered. In fact, some smaller businesses, which are vulnerable in many ways, actually flourished. Thus, the fundamental question here is – how do some of the SMEs achieve business growth in the recessionary periods? To answer this question, this research studied SME growth phenomena in the recession of 2008-09 and examined how different management strategies can be utilised in achieving business performance during the economic crises.

I must first address four major questions before going further. The first question relates to the area of the enquiry. Why did the SME sector was chosen for this research? In the early 1970s, SMEs were defined, and their importance was recognised (Bolton, 1971). Since then, SMEs are put in the priority, and their contribution to the national economy is valued. It is also recognised that SMEs can make the country stable even in the recessionary periods. There are more than 5.5 million SMEs in the UK which account for more than 99 per cent of total businesses (DBEIS, 2016). Yet, the total number of SMEs may be more than the official record, as some of the SMEs may not have counted for various reasons. SMEs create about 60 per cent of the private sector employment, and they contribute about half of the national turnover – see Curran and Blackburn (2001); Rhodes (2016). Every contribution in this sector undoubtedly helps the national and local economies in various ways, and thus, the selection of SME sector for this enquiry is justified because of their underlying importance.

However, there is no single unanimously accepted definition of SMEs, as the definitions are dependent on the location and regulations. These diverse
definitions take different standards in defining and categorising enterprises. In the UK, widely practised definitions are the ones proposed by the Companies House (2006). This study adopts their definition. According to the Act, a small enterprise is the one that has an annual turnover of not more than £6.5 million, a balance sheet amount of not more than £3.26 million and not more than 50 employees. Similarly, a medium-sized enterprise is the one which has an annual turnover of not more than £25.9 million, a balance sheet amount of not more than £12.9 million and not more than 250 employees. Based on these three criteria, the case study firm falls under the small or medium enterprise. If the self-employed drivers are counted as their employees, it falls under medium enterprise. Otherwise, it falls under small enterprise.

The second question is associated with the purpose of this enquiry. What was the objective of this research? The main objective of this research was to investigate growth phenomena of a successful business in a recession. That is, I focused on a question – what made the case study firm grow in the recession of 2008-09? I explored three management strategies and associated organisation-works, analysed strategy implementation processes, and examined the impact of organisational efforts on the business performance.

While answering the second question, it is important to emphasise the contribution of this research. This research contributes to the literature in four different ways. Firstly, this study offers a developmental approach to define business performance. The existing definitions of business growth are narrow and limited to the normal economic situations which mostly define growth in terms of quantity, i.e. 'increase in size'. Thus, this study emphasizes the requirement of context-specific definition of growth, as the recessionary periods are not similar to the normal economic situations.

Secondly, this study finds bias in the use of growth measuring indicators. Normally, 'sales revenue', 'profit' and 'balance sheet amount' are employed to measure the growth of profit-making enterprises. Employing these indicators, one could only measure financial performance. However, measuring performance using one type of indicator may not give a true reflection of growth.
Thus, this study insists the requirement of multiple and independent indicators to measure business performance.

Thirdly, this research investigates that SMEs could achieve growth in the recessionary periods by employing three management strategies – learning in the organisation, restructuring the organisation and customer-focus. However, this study does not ignore the importance of external factors in the process of forming strategies.

Fourthly, this thesis fulfils the gap in the literature through an in-depth analysis of a successful business in a recession. The existing literature on the business growth has three orientations. The first type of literature looks at the business performance considering normal economic situations which usually takes stage-based growth models and does not correspond to the recessionary periods. The second type of literature examines the business performance of large firms. Since SMEs are not the smaller version of large firms, this type of literature is not relevant for SMEs. The third type of literature is somehow relevant to this study. However, these studies take generic (standard) methods and large-scale data to analyse business performance. Thus, the study of growing business in a recession is lacking. This research addresses such gap in the mainstream literature.

The third question is related to the implications. What implications will this study have? I firmly believe that this research will have multiple implications. This research provides first-hand and in-depth information of a successful business in a recession. Therefore, the owner-manager may contextualise the findings and use in the future similar situations. Similarly, other owner-managers may use this research as a framework to achieve business performance. Moreover, academics may use this empirical study for further investigation, verification, and to make recommendations for policy documents. Policy-makers may utilise the findings of this evidenced-based information to form growth-friendly policies for SMEs. Finally, investors and supporting organisations may also use the findings of this research before investing and providing contextual advice.
Finally, the fourth question is about the selection of the firm for this research. Why did this study make up the enquiry of two interdependent firms (Sharon Taxi and Anthony Garage)? As mentioned earlier, I saw an advert on the area I was interested in, i.e. investigating the growth phenomena of a successful business in a recession. Then, I applied for the post and got this opportunity. Regardless of how the case study firm was selected by the university, the selection of the firm and research design was appropriate in many ways to investigate the growth phenomena in a recession which is discussed in the following section.

1.2 Making up the case study firm

Even though I was not involved in the process of selecting the case study firm, I find that the decision was appropriate for several reasons. In particular, I consider three reasons for its appropriateness – business performance, research accessibility and business networks.

**Business performance** – even though the case study firm was achieving growth continuously, its performance during the recession was remarkably high. A brief history of the case study firm and its performance makes it obvious of such claim. A taxi firm called 'Sharon Taxi' was in operation since 1986 in a city in England to provide hackney carriage. In 2004, Chris (the owner-manager, now) bought this taxi firm and continued its services. Later in 2005, Chris bought another taxi firm called ‘Anthony Taxi’ which was popular for van rentals in the study area. Even after buying these firms, Sharon Taxi and Anthony Taxi provided their services from their own premises for a few months. Then, Anthony Taxi was moved to the premises of Sharon Taxi and merged. At this point, the services of Anthony Taxi were dropped. Furthermore, to cater the maintenance service for their vehicles, Chris established 'Anthony Garage' in 2006 which was opened for public in 2011. Despite several complications in the study area, the case study firm achieved growth in multiple aspects. For example, annual turnover was increased by ten per cent during the recession of 2008-09.
Research accessibility – it is well known that SME-researchers face three main challenges. Firstly, SME owner-managers have multiple responsibilities, and they run the business on a very tight schedule. As a result, they cannot spend time for research activities. Secondly, SMEs operate with limited physical and human resources. Therefore, finding their replacement is always complex and challenging. That is, collecting data and getting time from owner-managers (and employees) is difficult. Finally, SMEs operate in a personalised way, and they do not see the value of new skills and knowledge in their businesses. Therefore, SME owner-managers find very little room or no room to improve their business processes (Kraus et al., 2007; Stone, 2010). That said, finding an SME for in-depth research is very challenging.

Contrary to these issues and complexities, the owner-manager agreed to provide his firms for this research project. Even they partially funded for this research and granted access to the business data. Moreover, the owner-manager agreed to provide time for this research project. What more could a researcher wish for? Therefore, finding this firm to investigate growth phenomena was like ‘finding the God while searching for a stone’.

Business networks and interdependency – Sharon Taxi and Anthony Garage were owned and managed by a single owner-manager. These firms used an organic model, and they were operated in a complex environment. They had two levels of business networks – internal and external. The first type of network was complex which was established within these interdependent firms. These firms were legally independent, but practically interdependent, as they consolidated physical and human resources.

The second type of network was less complex than the first type, but there were multiple businesses in the networks of connections. Those business networks were established with external organisations and individuals such as trade organisations, suppliers and advisors. Because Sharon Taxi and Anthony Garage used different business operation models, their networks of connections and business relationship were also distinct. For example, Anthony Garage established business relationship with the Good Garage Scheme, FoxyLady,
Euro Car Parts and the AA. Similarly, Sharon Taxi established business networks and developed business relationship with other organisations such as the local authority, schools and hospitals. The business operation models adopted by these firms are exceptional for the SMEs. As such, the case study firm could be an example of how SMEs may use business networks of connections for business collaborations and achieve performance.

Before discussing further, it is important to explore the major changes in the study area. The major changes in the study area are presented in Table 1.

<table>
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<tr>
<th>Fiscal Year</th>
<th>Key changes in the case study firm and study area</th>
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<tr>
<td>2004-05</td>
<td>Chris bought Sharon Taxi</td>
</tr>
<tr>
<td></td>
<td>Middle managers were trimmed</td>
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<tr>
<td>2005-06</td>
<td>Chris bought Anthony Taxi</td>
</tr>
<tr>
<td></td>
<td>Anthony Taxi was moved to the premises of Sharon Taxi</td>
</tr>
<tr>
<td></td>
<td>Two firms were merged and named ‘Sharon Taxi’</td>
</tr>
<tr>
<td></td>
<td>Introduced new policies such as cashing up and driver contract</td>
</tr>
<tr>
<td>2006-07</td>
<td>Established Anthony Garage</td>
</tr>
<tr>
<td></td>
<td>Local authority introduced new taxi licence regulation</td>
</tr>
<tr>
<td>2007-08</td>
<td>Sharon Taxi bought 25 new taxicabs</td>
</tr>
<tr>
<td></td>
<td>Fuel efficiency record was introduced</td>
</tr>
<tr>
<td>2008-09</td>
<td>Local authority terminated the transport contract with the case study firm</td>
</tr>
<tr>
<td>2009-10</td>
<td>Three popular pubs were closed down</td>
</tr>
<tr>
<td></td>
<td>Sharon taxi lost significant number of account customers</td>
</tr>
<tr>
<td></td>
<td>Recruited cash customers</td>
</tr>
<tr>
<td>2010-11</td>
<td>One taxi firm was incorporated (established) within the catchment area of Sharon Taxi</td>
</tr>
<tr>
<td>2011-12</td>
<td>Anthony Garage was opened for public</td>
</tr>
<tr>
<td></td>
<td>Sales was gone down by £28k compared to the previous year</td>
</tr>
<tr>
<td></td>
<td>One taxi firm was closed in the catchment area</td>
</tr>
<tr>
<td>2012-13</td>
<td>Achieved significant growth in the number of customers and sales turnover</td>
</tr>
<tr>
<td></td>
<td>High growth was experienced in Anthony Garage</td>
</tr>
<tr>
<td>2013-14</td>
<td>Received 95% positive feedback from customers</td>
</tr>
<tr>
<td></td>
<td>New service ramp was set up</td>
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As shown in the above table, the firm has gone through a number of changes throughout its operation. Those changes were diverse – short-term to long-
term, internal to external, and departmental to holistic. Moreover, both internal and external business environment were changing continuously and quite significantly. Despite those changes, it is important to note here that the firm was achieving growth continuously.

1.3 Mapping the thesis
To present the research logically, this thesis is divided into three parts. The first part contains three chapters, and it sets the background of this research. This part includes the introduction, literature review and research methodology. The second part presents the analysis of data containing four chapters – business performance, learning in the organisation, restructuring the organisation and customer-focus. Then, the final part presents the closure of this thesis – concluding remarks.

Chapter Two examines the existing literature and identifies a gap in the literature. To identify such gap, it examines existing approaches that are used to define and describe SMEs, SME performance, SMEs and their contribution to local and national economies, and growth measuring approaches and indicators. Then, this chapter discusses the recession of 2008-09, the impact of the recession on SMEs, and SME responses to the recession. Moreover, this chapter explores three management strategies to see how these strategies are used to achieve business performance.

Chapter Three discusses the methodological approaches taken to investigate the case study firm, to measure the business performance and to identify the growth-making factors. Since the case study firm operates in complex networks, this chapter argues the requirement of plural methods. It discusses possible methods and the reasons for selecting the participant action research as the main approach, case study as a research design, and mixed method as the strategy to collect and analyse the data. It also presents a research framework, types of data and their sources. In this chapter, I have also included my reflection – what did work well as planned and what I had to change to complete this research.
Chapter Four, the first analysis chapter, presents the results of both quantitative and qualitative data. It measures the growth using both objective and subjective approaches. The growth of the firm is compared with local and national economies. Then, this chapter discusses customer-drain effect to examine whether the growth was achieved from the organisational efforts. Subsequently, the main growth-driving factors are identified.

Chapter Five, Six and Seven advance the understanding of business performance discussed in Chapter Four. Chapter Five explores the relationship between learning strategy and business performance. To analyse the learning strategy and its impact on the business performance, learning aspects (such as learning approaches, reasons and activities) are examined. This chapter further discusses – skills and knowledge contextualising and transforming processes. Similarly, Chapter Six presents restructuring strategy and its impact on business performance. To analyse such relationship, this chapter examines the meaning of 'restructuring' in the context of the firm. Then, it discusses a three-step strategy implementation process, and the changes implemented in the case study firm. The final analysis chapter, Chapter Seven, examines the impact of the customer-focus strategy on the business performance. To present such relationship, the chapter presents a six-step strategy implementation process and customer-focus model. Furthermore, this chapter discusses the impact of simple looking activities in recruiting, engaging and retaining customers in the process of becoming customers' choice.

Finally, Chapter Eight draws the conclusion by summarising the research project and reiterating the contributions. This chapter also recapitulates how the case study firm achieved business performance in the recession of 2008-09 discussing three main strategies and associated organisation-works. Then, it presents implications, limitations and directions for further research.
Notes

A  ‘Performance’ in this study is used to indicate ‘positive change’ unless mentioned otherwise.

B  The phrase, organisation-works, has been used to denote the actions taken by the case study firm in both operational and strategic level. These actions can be of any size or type – small or large, and internal or external.

C  Any actions and activities made by the case study firm are known as ‘organisational efforts’. This terminology includes all the strategies and organisation-works.

D  This metaphor simply means – found something better than anticipated.
Chapter Two: SMEs in a Recession

2.1 Introduction

As discussed in Chapter One, this research sets out to investigate SME growth phenomena in the recession of 2008-09. It is noticed that achieving performance in a recession is challenging for SMEs. However, that does not apply to every SME, as some of the SMEs have proved by achieving business growth during the recessionary periods. By reviewing the existing literature, this study finds a gap of empirical research on how SMEs achieve business performance in the economic turbulence. This study finds three alignments of existing literature regarding the business performance.

The first type of literature discusses SME growth phenomena in the general economic conditions which correspond mostly with the stages of the business, but it does not correspond with recessionary periods – see Greiner (1972); Gaibraith (1982); Churchill and Lewis (1983); Scott and Bruce (1987); McFarland and McConnell (2013). The second type of literature discusses the growth of large firms. This category occupies the most of business literature. However, skills and knowledge gained from the large businesses do not correspond to the small businesses. It is because SMEs are not the smaller versions of large businesses (Curran and Blackburn, 2001). Finally, the third type of literature is relevant to this research, as they discuss the dynamics of businesses and their survival during the recession – see Kitching et al. (2009b); Gulati et al. (2010); Price et al. (2013). Even the third type of literature is very thin and does not discuss the skills and knowledge to achieve business performance in a recession. It is because those studies adopt quantitative approaches to analyse large-scale data taking generic and/or pre-determined criteria. Therefore, this type of literature lacks business specific experiences. Addressing such gap in the literature, this empirical research presents in-depth information of a growing SME in the recession of 2008-09.

This gap in the literature draws attention to the controversies that lie in the SME literature. Firstly, SMEs are operated in a complex environment where multiple contextual factors affect them which cannot be generalised. Secondly, SMEs
are found dynamic, vibrant and good at changing their shapes and sizes frequently (Fadahunsi, 2012). Such business contexts and business characters make it complex to investigate the business performance. Therefore, while revisiting the SME performance literature, this research encountered controversies and contradictions in many aspects such as defining SMEs, defining growth, identifying growth indicators and confirming growth-affecting factors.

To discuss the relevant literature and to ascertain the gap, this chapter is divided into five sections. Section 2.2 follows the introduction and discusses SMEs in general that includes defining SMEs, defining business growth, measuring performance, and SME contribution to the local and national economies. This section provides background information about small businesses and associated complexities in researching them. Then, Section 2.3 looks at three aspects – recessions, their impacts on the SMEs and SME responses to the recession. By looking at recessions closely, it presents a relationship between recessions and SMEs – in particular, recessions and their impact on the SMEs and their response to the recessions. This section then leads to the requirement of contextual strategies and organisation-works to achieve business performance. Section 2.4 discusses different growth models, growth paths, and growth-affecting factors. To analyse these aspects, an analytical framework was developed and employed. Section 2.5 presents an analytical framework and discusses three management strategies – learning, restructuring and customer-focus. Finally, Section 2.6 concludes this chapter.

### 2.2 SMEs in general

As mentioned in Chapter One, there are multiple definitions of SMEs. Moreover, SME sector presents complexities in defining growth and measuring performance. As a result, it becomes difficult to identify the total number of SMEs, examine their contribution to the national and local economies and explore the importance in different economic situations. Therefore, it is very important to understand business performance, how it should be measured and what indicators should be used to measure the business growth. In this section, these aspects are addressed.
2.2.1 Defining business performance

Business growth is defined taking two major approaches – objective and subjective, but not limited. Pasanen (2007) defines business growth taking an objective perspective. According to him, business growth means ‘increase in size’. The notion of saying ‘increase in size’ refers to the changes in annual turnover, annual profit, the number of employees and the number of customers. However, Cooney and Malinen (2004); Davidsson et al. (2006) find it difficult in defining business growth especially when other factors are considered. Business contexts and environments take subjective perspective to define business growth. In a typical case, skills and knowledge gained by an employee are considered as a business growth. Similarly, growth is also defined if the organisational objectives are met. In such situations, subjective approaches take developmental (qualitative) perspective to seek growth.

Moreover, Mao (2009: 20) uses both growth and development approaches to describe business performance. He describes growth as ‘a development process from small to big and weak to strong’. He backs up his argument by using three properties – time, dynamic and unification. The 'time' property assumes that the growth is a process which needs time to proceed and achieve performance. Similarly, the 'dynamic' property accepts ups and downs while achieving business growth. That is, a business may grow faster in one period and slow down in another period. The third property 'unification' unifies both qualitative and quantitative aspects of business, i.e. the business growth is a combination of both changes in quantity and quality.

There are other ways of looking at the growth – scholars like Fredland and Morris (1976) discuss business performance in terms of success and failure. Failure is a situation where ‘rate of return’ is less than ‘opportunity cost’. Going further, they argue that if a firm is not failed, then it is successful. Similarly, Jovanovic (1982) uses a term ‘efficiency’ to define business growth – efficient firms grow and survive, and ‘inefficient’ firms decline and fail. However, ‘efficiency’ according to him is not achieved from the investment, but it is achieved through the identification and use of relative efficiency. Moreover, the vagueness escalates in the meaning of business growth when the practitioners
and academics talk on the same topic from a different perspective. Achtenhagen et al. (2010) find such variations on meaning by examining four leading entrepreneurship journals published in between 1997 and 2008. They argue that ‘growth’ for the practitioners is more complex than for the ‘academics’.

Without visiting the business growth theories, it will be almost incomplete to define business performance. In general, there are two schools of thought that discuss business growth – independent growth and associated growth. In the early years, the growth of a small business was found proportionately associated with an absolute size of a firm. In this concept, the business is accepted as an independent factor. That is, businesses grow in a proportion of their size – large businesses grow more, and small businesses grow less (Gibrat, 1931). However, a study of 1272 firms for ten years (from 1990 to 2000) in Spain rejects the concept of proportionate growth (Calvo, 2006). In the recent years, business growth is discussed associating with dependent or interdependent factors such as owner-manager, firm age, location, resource availability, and technology involved in the business. In particular, Evans (1987) finds a negative association between firm age and business performance while Calvo (2006) finds a positive association between business performance and innovation.

In addition to these school of thoughts, Mao (2009) prescribes three growth frameworks to define business performance. The first framework is ‘scale bound theory’ which is based on the ‘transaction cost theory’ – see Coase (1937). Under this concept, a business achieves performance by managing the cost of the transaction. The second framework is ‘lifecycle theory’ which includes birth, growth and death of a firm – see Adizes (1988) and De Geus (1997). This concept accepts the growth of the business as a natural phenomenon. The third growth theory is based on the biological concept. In this concept, environmental, socio-political and economic changes are accepted as the threats or opportunities to grow a business. Similarly, Obeng et al. (2014) discuss four major theories about the growth of a business in a normal economic situation – ’law of proportionate effect’ (Gibrat, 1931), ’resource-
Defining the business growth becomes more complex if other contextual factors such as inflation, recession, market share, and changes in resources are considered. In these situations, the concept of ‘positive change’ becomes unable to define the business growth. These additional factors and aspects force to take a developmental perspective while defining business performance. Therefore, defining the business growth using a single factor (aspect) may not articulate the meaning as expected – see Achtenhagen et al. (2010). To define the business performance in the context of a recession, one should use both objective approach (related to growth) and subjective approach (related to development). And, the contextual meaning of business performance should be considered to advance the understanding of business growth.

### 2.2.2 Measuring business growth

After defining the growth of a firm, it is obvious to investigate how growth is measured. It is very interesting to explore that organisational performance is dependent on three aspects – the types of organisations, approaches used to measure business performance, and the person measuring the performance. Organisations with the profit-making objectives broadly use financial indicators to measure the performance while non-profit-making organisations use non-financial measures (Weinzimmer et al., 1998). Financial indicators include sales turnover, profit and balance sheet amount. Similarly, non-financial indicators include the number of customers (clients), the number of services and the number of employees.

Weinzimmer et al. (1998) claim that the annual sales turnover is one of the most used indicators to measure the business growth in profit-making organisations. They confirm this by studying articles published in nine of leading journals between 1981 and 1992. Their study reveals that 83 per cent studies used an annual turnover to measure the business growth. In addition to this, to measure and categorise the types of business growth, Gibb (1993) takes an annual turnover as the main indicator. Even though most of the profit-making
firms use sales turnover as the main indicator to measure the business growth, this indicator is challenged due to the unreliability of turnover information available in the SMEs. The argument is – a firm may sell products cheaper than the purchased price that may increase the sales turnover, but it may not achieve profit at all. In such situations, the growing number of customers do not replicate the growth – see Davidsson et al. (2009).

The growth measuring approaches are the second influencing factors in measuring business performance. There are several different approaches that may be used to measure business growth. These approaches include subjective or objective, tangible or intangible, direct or indirect, input or output, and internal or external – see Jarvis et al. (2000); Walker and Brown (2004); Davidsson et al. (2009); Achtenhagen et al. (2010); Bamiatzi and Kirchmaier (2014). However, the results may not be consistent with all those approaches. For example, the outcome of measuring absolute and relative growth may not be the same. Similar contradiction is observed when the business is measured using different dimensions such as profit or turnover growth, steady overall or acquisition and merger growth – see Whetten (1987); Delmar and Davidsson (1998); Weinzimmer et al. (1998); Robson and Bennett (2000); Cooney and Malinen (2004).

The final factor, which influences the result of measurement, is the person who measures the business growth. The person who measures the growth takes the perspective which he/she believes in measuring the performance. For example, the owner-manager may look at growth in terms of profit, but an employee might see the business performance in the measure of output. Similarly, the government agencies might be interested in measuring the business performance in terms of the number of jobs created and the tax paid (OECD, 1997).

However, selecting an appropriate indicator is tricky because of their drawbacks and limitations. Therefore, use of multiple indicators is the solution for measuring business performance. Jarvis et al. (2000) find different indicators in practice that are used to measure business performance. According to them,
some owner-managers use profit as a primary indicator, and cash generation and keeping busy as secondary indicators. Beaver (2002) also finds that some owner-managers use profit as the major indicator and employment as a minor indicator while measuring growth.

Other than major and minor indicators, scholars like Nohria et al. (2003) and Orser et al. (1996) find the use of both financial and non-financial indicators in measuring business growth. These measures include sales turnover, access to additional resources, expanded workforce, technological innovation, professional recognition, and employee development. Similarly, Drucker (1985); Kalleberg and Leicht (1991); Bartlett (1994); Hoy et al. (1994) explore the indicators like employment, annual turnover, market share, return on capital investment, customers, and profitability per employee to measure the business performance.

Yet, the use of single or categorised indicators in measuring the performance is criticised as the lack of confidence and reliability. For example, one may argue that the sales growth may have achieved due to the inflation; the number of employees may have included voluntary work, unpaid work or employees in the contract without considering the number of hours they work. These simple looking factors create inconsistency in the business performance. As a result, multiple indicators (including qualitative and quantitative) are essential to measure the business growth. Blackburn et al. (2013) used three indicators – employment, turnover and profitability – to measure the business performance in their study. Similarly, Kettle (2014) presents six qualitative ways to measure the success of small business namely 'repeat business', 'new enquiries', 'operational efficiency', 'average job value', 'sector dominance' and 'network traffic'. Moreover, by examining performance measuring indicators, Hudson et al. (2001) categorise growth measuring indicators into six general dimensions. Their dimension includes quality, time, flexibility, finance, customer satisfaction and human resources.

By exploring the growth measuring practices and issues, two types of indicators are found in the literature – ‘best practice’ and ‘best fit’. Business practitioners
usually use 'best fit' indicators while academics and policymakers find it easy to use 'best practised' indicators. Thus, the growth measures are usually selected based on the objectives of the person who is measuring the business performance. Whatever the purpose is, relying on one or two measures of the business performance may not be an appropriate decision because of the effect of other confounding factors. In this context, confounding factors include changes in the prices, labour costs, rental charges and utility expense. Thus, this study adopts multiple indicators including the number of employees, number of customers, annual turnover and balance sheet amount.

2.2.3 Growth measuring approaches

The recognition and quantification of business performance are dependent on the growth measuring approaches – see Wiklund et al. (2009); Mateev and Anastasov (2010). There are several methods in practice to measure business performance, and they are associated with organisational growth behaviour. Some of them include average growth, duration of growth, one-shot growth, gradual growth, ranking growth, organic growth, and non-organic growth – see Delmar et al. (2003); Pasanen (2007); Mauboussin (2012). The commonly practised growth-measuring approaches are discussed in the following paragraphs.

Quantitative and qualitative – quantitative perspective takes objective indicators to measure the business performance. The change in the size of the organisation depends on the changes in different aspects of the business. These quantitative aspects include sales turnover, annual profit, assets, employees, customers, business networks, market-share and return on capital investment. Similarly, qualitative approach takes subjective measures to measure business performance. The qualitative indicators include employee development, employee perception, changes in quality of people's skills and attitude, increased-prestige of the people in the organisation, increased people's power, and the quality of services (Weinzimmer, 2000).

Absolute and relative – the absolute approach is used to identify definite change while the relative approach is used to examine the differences in
relation to other factors (mostly dependent and comparative). The relative approach is also used to see the relation in different time periods. The size of a business is an absolute measure whereas growth is a relative change over the period of time (Whetten, 1987; Mateev and Anastasov, 2010). That is why one should use both absolute and relative measures to examine the business performance. However, the results of these approaches may give contrasting output. For example, a business achieving high growth in terms of absolute change could be labelled as a low growth in terms of relative change – see Weinzimmer et al. (1998).

**Financial and non-financial** – the financial perspective considers growth in terms of financial changes. Some of the financial indicators include sales revenue, profitability, market value, return on the capital investment, return on assets, balance sheet, and asset value. Likewise, non-financial perspective takes into consideration other than financial indicators. Some of the major indicators are the number of employees and their development, market share and market expansion, and personal development and professional recognition. However, a better result is expected from the use of both approaches (Walker and Brown, 2004; Bamiatzi and Kirchmaier, 2014).

**Market-share and share-value** – the market-share approach considers the market captured by the organisation. The increase in the size of the market-share is associated with profitability along with reduced purchase-to-cost ratio, quality of the products, and market return on investment (Buzzell et al., 1975). Moreover, Robinson (1990) argues that the share of the business (also products) in the marketplace are affected by the product innovation. Similarly, the share-value approach considers the growth of business in terms of share-value of the company. However, in the context of SMEs, market share and share value approaches are not common due to the market share measuring issues, availability of market share data, difficulty in getting accurate share value and stock market listing complications.

**Sustainable, survival and success** – these are mostly used but complex approaches to measuring business growth. On the one hand, the terms
‘sustainability’ and ‘survival’ are used to examine the growth of business (Johannisson, 1993; Stokes and Wilson, 2006; Burns, 2011). On the other hand, 'success' is used to identify the performance of business (Bartlett, 1994; Carter and Jones-Evans, 2006). Broadly speaking, these concepts are inclined towards the goal of the business where a business may have single or multiple goals. If a firm has a single goal to achieve, the growth measuring approach is known as the initial goal-based approach. However, it is very rare that businesses have only one goal to achieve. It invites the requirement of system approach to measure the businesses performance with multiple goals. The systems approach helps to measure the business performance if the company achieves only a part of their goals. Beyond achieving organisational goals, a business needs to fulfil the interest of its stakeholders which invites the requirement of multiple-constituency approach to measuring business performance. That means, if a firm meets any of the above conditions, that is known as the business performance – see Dess and Robinson (1984); Murphy et al. (1996).

By reviewing the literature, it is concluded that the growth measuring approaches play a vital role in examining business performance. To confirm the growth of a business, use of multiple approaches gives a higher degree of confidence (Leitch et al., 2010). Thus, this study uses multiple approaches in measuring business performance.

2.2.4 SME contribution
As discussed earlier, SMEs play a vital role in the national economies around the world. However, identifying their contribution precisely in the local, regional and national economy is difficult because of differences in definitions. Other than definitional issues, there are mainly three reasons for not recognising SME contribution precisely. Firstly, the economic growth was achieved primarily from mass production by large companies until the 1970s. As a result, the importance of the small business sector was on shadow (McPherson, 1996). Secondly, SMEs usually do not keep all business records which make the lack of evidence to justify their contribution. Finally, the existence of some small businesses with a short lifespan (or because of the smallness) may not be
noticed – see Storey (2010). When these factors are considered, the contribution of SMEs should be more than the officially available records.

Despite the theoretical and empirical complexities on defining SMEs, SME sector makes a significant contribution in the UK. The contribution lies in multiple areas – such as the total number of businesses, job creation, annual turnover, innovation, technological change, supplying the demand for technical and structural change, supplying the local demands and feeding large businesses – see Storey (2010); Katua (2014).

In a broader sense, SME contribution can be divided into two types – direct and indirect. In the UK, there are about 5.5 million SMEs which account more than 99 per cent of the total businesses. SME contribution to the job creation is also highly recognised. SMEs employ 15.7 million people that account about 60 per cent of all private sector employment. The annual turnover is also remarkable which is £1.8 trillion contributing about half (47 per cent) of the total private sector turnover (DBEIS, 2016). The UK is not the only country where direct contribution is highly recognised. SME sector accounts more than 95 per cent of total businesses in the major economies in the world. In the Organisation for Economic Co-operation and Development (OECD) area, employment from SMEs accounts for more than half of the labour force in the private sector – see Hoy et al. (1994); OECD (2009); Ma and Lin (2010); Rhodes (2012).

Similarly, SMEs provide indirect contribution which is also known as 'spillover' effect. The spillover effect covers social and economic changes in the local to the national economies. The indirect contribution is examined by measuring the social mobility, social outcome, economic prosperity and living standards – see Mason et al. (2009); Storey (2010); Goldman Sachs (2014); World Bank (2014).

This study discovers multiple challenges in measuring business performance and outlining their contribution. However, it is confirmed that whatever the way SMEs are defined or measured, their contribution is vital in the local, regional and national economies. Thus, in-depth study of successful SME in a recession provides valuable information to explore how SMEs respond to the financial
turbulence. So, in the next section, different recessionary periods, their impact on the SMEs and SME responses to the recessionary periods – particularly the recession of 2008-09 – are discussed.

2.3 Recessions and SMEs
The UK has faced various recessions throughout the history. The recessions were caused by different reasons, so the intensity and duration of those recessions were also diverse. These economic crises affected the local and national economies without having any exemption to SMEs. The recession of 2008-09 was one of the deepest since the 1930s (IMF, 2009b), so the impact was also severe across the economies. The recessions hit hard to the SMEs compared to the large enterprises. Therefore, the SMEs which are least prepared to cope with recessions get affected the most (OECD, 2009). To tackle the recessions, SMEs implement recession coping strategies – such as proactive, reactive, risk-averse or investment diversion – based on their experiences and availability of resources (European Commission, 2010). Due to the divergence in coping strategies, the results are also different, e.g. some SMEs achieve business growth while some struggle to survive.

2.3.1 Economic adverse situation
Recessions are populously known as ‘credit crunch’, ‘financial crises’ or ‘economic turbulence’. Even though these terms have specific meanings, they are used interchangeably to mean an economic adverse situation. There are different ways to describe and understand the recessions and their characters. Yet, there is a little agreement between them. Available definitions take characters of the economic situation to describe a recession. According to National Bureau of Economic Research (NBER, 2008), a recession is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales. Lee and Shields (2011:45) also present character-based definition to describe the recession – ‘recession is a period associated with reduced activity and economic hardship for a substantial number of people’.
From the above definitions and description, it becomes clear that the negative impact is seen in production, employment and real income (Claessens and Kose, 2009). Therefore, the recession is understood as progress when the total monetary value of goods and services has decreased at least for six months (BBC, 2008). However, the recession is a multi-faceted phenomenon, so the meaning is different to each individual based on their context (Lee and Shields, 2011). For a firm, a recession may mean a decline in sales and reduction in cash flows. If such decline continues and becomes severe, the situation is called extraordinary inflation (Weinraub, 1975).

By reviewing the available literature, it is revealed that the UK has faced a number of different recessions. Based on how the recessions were started, the impact and size of the recessions, and intensity of effect, these recessions are divided into different levels. Elliott (2012) discusses a history of UK's recession starting from Post-war Blues 1920-24 that is followed by Great Depression 1929-33, Stagflation 1973-76, Manufacturing Meltdown 1980-81, Lawson's Legacy 1990-92 and Banking Bust 2008-09.

The recession of 2008-09 erupted from US sub-prime banking bust. The pressure on the US sub-prime market rapidly spread throughout financial systems triggering crises across the world (BBC, 2009). The recession of 2008-09 was the longest and deepest in duration since the 1930s which badly affected economies around the world including the USA, UK, Japan, China, Australia and New Zealand. It also triggered the bankruptcies in Greece and Iceland – see IMF (2009a); Verick and Islam (2010); Sharma et al. (2011); Price et al. (2013).

The UK faced a tough economic situation with problems across many sectors (BBC, 2009). GDP fell for five consecutive quarters, and the UK was the last to emerge from the recession among the major economies in the world. The cumulative decline in the workforce, with approximately 6 per cent unemployment, rose to approximately 8 per cent during this period (ONS, 2012).
2.3.2 Impact of recession
The recession of 2008-09 had varied impacts to the individual businesses. Since this recession was very deep, the impact on the businesses was also huge. The major impact was seen on the total number of the businesses. The business start-up rate was decreased from 11.5 to 10.1 per cent, and the closure rate was increased from 9.6 to 11.9 per cent resulting in the largest fall in the number of businesses since 1986/87 (ONS, 2013). Secondly, the market contraction and labour market were also highly affected by the recession of 2008-09 (Vaitilingam, 2013). Finally, there was a significant impact on the annual turnover and the number of employees. It was also explored that 50 per cent of SMEs experienced a fall in annual turnover and 40 per cent SMEs experienced a fall in the number of employees – see Cowling and Liu (2011); Cowling et al. (2015)

Even though researching the impact of recessions in the SMEs was not straightforward, SMEs experienced a greater impact of the recessions. Individual businesses had a mix of negative and positive impact. The impact was dependent upon the nature of business such as products/services, location, business size, business strategies, credit rating and preparation to tackle the recession – see Sharma et al. (2011); Smallbone et al. (2012). Any impact, positive or negative, was also in varying degrees – some SMEs were experiencing a decrease in sales turnover and profit margin, but some were experiencing an increase on the annual sales and the profit margins. Moreover, some SMEs did not have any noticeable impact – see Kitching et al. (2009b).

In the recession of 2008-09, SMEs experienced a greater negative impact (Bourletidis and Triantafyllopoulos, 2014). However, the impact of the recession was not equal to all the SMEs – least prepared to cope the recessions were highly affected (OECD, 2009). Similarly, the impact was also different according to the location, size and sector of the businesses (Smallbone et al., 2012). The transport sector was hit hard by the recession of 2008-09. In this sector, an annual turnover was gone down by 42 per cent followed by investment (11 per cent), employment (11 per cent) and sales price (8 per cent) in between 4th quarter of 2008 and 1st quarter of 2009. The annual turnover compared to the
year before had only 11 per cent down, and the investment was down by 25 per cent (McCaan, 2009). This makes obvious that the last recession was not favourable for the SMEs in general and transport sector in particular.

Late payment and lending obstacle were the major financial issues of the recession for SMEs. Howes (2008) finds that more than half (58 per cent) of the SMEs were affected by the late payment during the recession. Ma and Lin (2010) also point out the lending obstacle as a major issue SMEs face during the recessions. The concern was the risk of lending or external financial support – the credit risk to the SMEs. In February 2009, six months into the recession, it was recorded that 119k smaller firms were rejected for loans whereas in 2010 only 58k small firms were denied (Cowling et al., 2012). Even though their research does not mention anything about the impact of rejection for the loan, such situation obviously affects the business to run in the adverse economic situation.

Further to this, Stone (1975) divides businesses into three categories considering the sales during the recession – above average, below average and average. The first type of companies, which produce the goods (provide services) of high value and less urgent, usually lose sales above average, e.g. housing companies and automobiles. The second types of companies, which produce (sell) less durable and regularly needed products, lose the sales below average. Finally, any businesses other than these two categories lose average sales. Whatever the sizes and levels of the recessions are, they hit hard to the overall business environment. SMEs are not the exceptions, of course. SMEs which are not prepared for economic turbulences are the most prone to fail during the recessionary periods (OECD, 2009).

Nevertheless, the impacts as discussed above are the only one side of the recession. There is another side of the recession. Two separate studies – study of 343 UK small businesses and 221 London-based small businesses – conclude that the recession of 2008-09 had mixed impacts on SMEs during recessionary and recovery period – see Kitching et al. (2009b); Kitching et al. (2011). The other side of the recession tells about growth possibility. Actually,
about 20-30 per cent SMEs achieve higher annual turnover and about 15-20 per cent SMEs create more jobs during the recession – see Cowling et al. (2015). According to Anderson and Russell (2009), SMEs have unique characters such as flexibility, resilience, adaptability and absorptive capacity which help them to survive and achieve better performance during the recessions.

2.3.3 SME responses to the recessions
As the recessions affect SMEs in varying degrees, SMEs also respond to the recessions differently. SME responses include different strategies, but they focus mainly on three phenomena. Firstly, to reduce the expenses, businesses trim the number of employees or reduce the wages, and improve the productivity or improve the employee efficiency. Secondly, SMEs generate more income by becoming more innovative, diversifying the services (products), extending the markets and focusing on the customers. Thirdly, SMEs postpone for further investment or cancel the venture (OECD, 2009).

However, some SMEs internationalise the business seeking the extension of the business and higher profitability – see Stone (1975); Churchill and Lewis (1984). Well, these strategies are dependent on the individual businesses and their business health. The health of the business includes economic condition, available resources, and owner-manager experience and their preparedness to deal with the situation. Kitching et al. (2009b) and Kitching et al. (2011) argue that SMEs, which are having severe experience, put very strict strategies whilst SMEs with less severe experience implement less stringent strategies to overcome the recessions.

Broadly speaking, SMEs choose one of the three strategies – optimistic, neutral or pessimistic – to cope with the recession. The first types of businesses are usually proactive, and they implement optimistic strategies. They plan the changes and reduce the expenses in advance. During the recession, these types of businesses buy other businesses or expand their existing businesses. The owner-managers of these businesses find that buying businesses in economic turbulence is cheaper. These types of organisations try to become
resilient and adapt the changes in the recession – see Price et al. (2013). Moreover, these proactive businesses may implement additional strategies to make their businesses successful. The additional strategies include cost cutting, increasing the sales and internationalisation of the market.

The second types of businesses choose a neutral strategy to cope with the recessions. The businesses with neutral strategy take a middle path to tackle the recession – neither proactive nor reactive. The aim of these businesses is to survive in a recession rather than achieving growth. These businesses start retrenching the overhead expenses, and they try to increase the sales turnover. These types of businesses also restructure the organisations internally and externally – see De Jorge Moreno et al. (2007).

The third types of businesses are pessimistic. They are not prepared for the economic uncertainties, so they implement reactive strategies to cope with the recessions. Reactive strategies include exiting and escaping behaviours. To tackle the recession, these types of businesses sell the business or reduce the size of the business. Scholars like Stone (1975), Geroski and Gregg (1993) and Smallbone et al. (1999) argue that the pessimistic owner-managers of the smaller firms are not prepared adequately for the recessions. They have less access to the external environment, so they find it difficult to manage and grow their business during the recessionary periods.

However, Stone (1975) explores different strategies that an owner-manager may implement in a recession namely survival, adjustment, capitalisation and growth. Survival, the first strategy, is recommended to the organisations which are undercapitalised and have faced reduction in output. Such businesses may forecast the cash prior to the recession and collect or save expected cash to survive in the recession. The second strategy, adjustment, is used to trim the overhead expenses and maintain the profit when their products/services have low demand. Capitalisation as a third strategy is useful to the owner-managers who are good at grabbing opportunities and maintaining the sales. Finally, the growth strategy is useful for the foresighted owner-managers who have a high ambition to grow their business. The owner-manager of this category may
acquire other firms, as businesses are relatively cheap in the financially tough periods.

Looking at the rise in the number of businesses in the years after the recession, Young (2013) concludes that a recession can be a good time to start a business. Small businesses may be started from home due to the low expenses and move the location when their business starts to take off. Moreover, Carson (2012) also finds that growing small businesses take risk-averse investment in the recession.

To survive, success or grow in a recessionary period, a firm should implement contextual strategies. However, there is a little research on strategies that can help companies to survive in a recession, get ahead and be prepared for the good times to return. According to Gulati et al. (2010), a business may implement either of four strategies in the adverse economic situations – prevention-focused, promotion-focused, pragmatic and progressive. Becoming too much aggressive or too much defensive does not help grow. Thus, the combination of operational effectiveness with market development and asset investment is recommended to achieve growth in economic hardships. Even though cutting the budget in one area and expanding the business in another area, a Janus-Faced strategy, may not be an easy option to choose (Gulati et al., 2010), it may make the businesses successful in the recessions.

This section examined the relationship between SMEs and recessions. It also discussed the impact of recessions on the SMEs and SME responses to the recessions. From the discussion, it is concluded that despite having difficulties to grow the business in a recession, SMEs could achieve performance with contextual coping and growth-making strategies. However, before discussing the strategies, next section discusses different models, growth paths and growth-affecting factors.
2.4 Growth models, paths and factors

SMEs grow for different reasons varying from input to output and operational to strategic. Such variations make it difficult to replicate growth factors from one firm to others. This situation demands the requirement of studying individual businesses to investigate context-specific growth phenomena. While studying SME growth phenomena, it is obvious to encounter different aspects such as growth models, paths and growth affecting factors.

The fundamental reason for looking at these aspects is to find out whether SMEs could achieve business growth from organisational efforts. If the growth is accepted as a result of external factors or the result of growth models, it is an acceptance of determinism in achieving performance. Such acceptance obviously undermines the importance of organisational efforts. In the following subsections, different growth models, paths and growth affecting factors are reviewed.

2.4.1 Growth models

This study encounters a handful of growth models that a business might choose to achieve performance. However, most of the growth models are borrowed from different disciplines such as economics, geography, management and biology. As a result, all growth models do not fit in all the organisations. Therefore, some models are used more than others, and some models fit better in one type of business than others. It is also noticed that the growth models do not work on its own to gain the business performance. The growth models are interlinked to each other and with the growth factors. Even though varieties of growth models are in practice, there is a lack of comprehensive growth model that fits to all the businesses – see Van de Ven and Poole (1995); Pasanen (2007); Coad (2009). In the following paragraphs, most common growth models are discussed.

Among different growth models, organic and non-organic growth models take a lot of space in the literature. Firms usually take either organic or non-organic growth model to achieve business performance. The companies, which take an
organic model, increase the business output internally. Contrary to this, businesses that take non-organic growth models expand their business through the mergers and/or acquisitions, strategic alliances, minority ventures and joint ventures – see Pasanen (2007); Mitchell and Canel (2013); Merson (2016).

Furthermore, Pasanen (2007) finds a positive relationship between business performance and growth model – smaller firms use organic approaches while larger firms use non-organic approach to achieve business performance. However, in practice, the area between organic and non-organic business growth model is not black and white. Some businesses use only one type of growth model, but some businesses use in a sequence – organic models in the early stage and non-organic models to keep the business growing in the later stages. And of course, aggressive growers implement both organic and non-organic growth models at the same time (Merson, 2016). Expanding the size of the business and extending the branches could be an example of a parallel use of organic and non-organic growth models (Barringer and Greening, 1998).

Other than organic and non-organic growth models, stage-based business growth models occupy a significant space in the business growth literature. The stage growth models are rooted in the life cycle of living beings. These growth models accept the deterministic behaviours and characters in a certain stage of business (Whetten, 1987). Because of the differences in business characters, there are several different business growth models. By examining ‘growth models’ and ‘growth stages’ in the journal articles published in between 1962 and 2006, Levie and Lichtenstein (2010) find more than one hundred different business growth models. Based on this evidence, a little agreement is found on the business growth models, as these models describe business performance using three to eleven stages – see Dean (1950); Greiner (1972); Churchill and Lewis (1983); Scott and Bruce (1987); Whetten (1987); Houghton and Paton (1991); Bridge et al. (2003); Levie and Lichtenstein (2010).

Then, Levie and Lichtenstein (2010) present four most referenced growth-stage models in their study. The most referenced stage model is ‘Evolution and Revolution’ which is presented by Greiner (1972). In this model, there are five
stages which apply to all high-growth, medium-growth and low-growth firms. Every firm passes through the developmental phases which are discussed in terms of evolution and revolution stages, where these stages complement each other. There are five different evolutionary stages – creativity, direction, delegation, coordination and collaboration. Businesses face a crisis at the end of each evolutionary period. For example, at the end of the creativity growth stage, the firm faces a leadership crisis. Similarly, the firm faces other crises of autonomy, control and red tape respectively along with its growth.

The second most referenced growth model is based on ‘stages of organisation development’. In this organisation development model, there are three stages and nine company characters. Organisations behave differently in each stage of growth having different company characters. For example, in the first and second stages, companies produce the products of single line then they start producing multiple lines on the third stage (Scott, 1973: 137). This model helps to understand the stage of the business and to implement strategy accordingly.

The third most referenced stage model is based on the learning process. This stage growth concept accepts that similar patterns are the results of similar activities done in the similar environmental conditions. A business responds and learns from the environmental factors and develops the experiences from similar activities done in the past. To scrutinize business growth through a learning process, Levie and Lichtenstein (2010) use a lineage growth model which was presented by Norman (1977).

The fourth most referenced stage model is based on the product life-cycle – see Dean (1950). This growth model is taken from the marketing field which presents three stages of a product such as growth, maturity and decline. This growth model is compared with the life cycles of human beings.

However, the use of interchangeable phrases to describe different stages of a business makes it difficult to understand different models. For example, both growth models of Scott and Bruce (1987) and Churchill and Lewis (1983) have four stages and use the term 'maturity' for the last stage. One model uses
'survival', and another model uses 'growth' to mention the third stage. A question arises in such paradoxical use of terms – do these terms provide same meaning? The use of such confusing phrases makes these growth stage models delusionary.

The firms take contextual business growth models depending on the business environment in which they are operated. For example, growth model presented by Gaibraith (1982) is relevant in the manufacturing industries. His model deals with the stages of the growth – proof of principal prototype, model shop, start-up volume production, natural growth and strategic manoeuvring.

This section examined business growth models and revealed that there are a substantial number of business growth models. Among the different growth models, stage-based growth models are popular for the normal economic situations. But businesses operate in different environments. Therefore, any standard growth model does not help to achieve business performance – see O'Farrell and Hitchens (1988); Garnsey (1998); Gupta et al. (2013). That is, there is no a 'best fit' growth model that may help to achieve business performance in every business environments. The review of existing business growth models also reveals that the growth models could be used as a tool to analyse the types and stages of the organisation and implement context-specific strategies to achieve business performance. However, this study considers that the growth-seeking businesses achieve performance without following any stage-based growth models.

2.4.2 Growth paths
Beyond the growth models, this study identifies three growth paths that businesses take to succeed – evolutionary, dialectical and teleology. Therefore, these paths are briefly discussed in the following paragraphs.

Evolutionary – this perspective assumes that businesses grow gradually taking growth processes, particularly when they try to become competitive with other organisations. To become competitive, businesses should follow three things – defend with competitors, follow the changes enforced by the regulatory bodies,
and flow with the social and structural changes. Any business may not achieve performance without following these requirements. If businesses could not meet these criteria, businesses may fail to survive and/or even closedown – see Van de Ven and Poole (1995).

Dialectical – it is about balancing two opposing entities and taking further steps. People establish businesses to obtain certain goals. Obviously, different organisations have their own business objectives which may contradict with other organisations, or they end up having similar goals. If the organisations cannot work together, they work as opposing entities. Then, the contradictory forces encourage taking certain actions in the organisations which may encourage or discourage to make changes in the organisation. Organisational actions may help to achieve goals in one organisation and may harm competing organisations. In such a way, one organisation may achieve performance by butchering another organisation. In simple words, one organisation may grow because of the closure of another organisation (Van de Ven and Poole, 1995).

Teleology – businesses implement plural strategies to achieve organisational goals. The main strategies include strategic planning, decision-making and learning. Moreover, organisations obtain their goals through a series of sequential activities that includes setting the objectives, implementing the plans, evaluating the progress and modifying the objectives (including the process). This is also known as goal-oriented project planning. Additionally, the concept put forward by Gregory (1995) also falls under teleology concept. Even though she does not provide any evidence of success from the start-up model, she discusses three main models why and how an entrepreneur starts a business. The models include trait model, psychodynamic model and social development model.

So, what makes the business grow in a recession – growth models, paths or factors? This study explored that growth models could be used as tools to make strategies and implement decisions. Growth paths could be chosen to follow. So, in the following subsection, growth-affecting factors are examined to check their impact on the business performance.
2.4.3 Growth-affecting factors

In addition to the business growth models and growth paths, growth-affecting factors also play a vital role in making businesses successful. In the literature, growth affecting factors are discussed grouping them into internal or external factors – see Kirkwood (2009); Furlan et al. (2014). As mentioned earlier, scholars who believe in stage-based growth models tend to describe growth as a result of external factors. Similarly, scholars believing in growth paths usually consider internal factors that help to make the businesses grow.

From the fieldwork, it was identified that the case study firm achieved growth from the organizational efforts. Therefore, this study does not discuss growth-affecting factors in the sense of internal or external factors. However, it examines growth-affecting factors by grouping them into three major types – owner-manager factors, business factors, and other factors (Nichter and Goldmark, 2009; Zhou and de Wit, 2009; Storey, 2010). Thus, in the following paragraphs, these factors and their impact on the business performance are examined further.

**Owner-manager factors** – In the UK, about 75 per cent of SMEs do not have any employees, and they are operated like a family business. Therefore, SME owner-managers are the main players of their businesses – see Kamp (1999); Goldberg and Palladini (2008); Andersson and Tell (2009); Young (2012). Moreover, owner-managers are vital for the SMEs because of their multiple roles. They mainly play three different levels of roles – strategic role, core role and operational (management) role. The strategic role includes organisational objective setting, policy formulating, strategic business planning, involving in innovative activities, risk-taking and tactical planning. Similarly, the core role includes business activities such as decision-making, problem solving and communication. Finally, the managerial/operational role includes both skills required to manage and run the firm such as delegating, troubleshooting, communicating, coordinating and organising (Weinzimmer, 1997). The most influencing factors of the owner-manager include their interest in the business, willingness to grow, changing lifestyle and economic objectives to be obtained.
from their businesses – see Hay and Kamshad (1994); Delmar (1996); Ward (1997).

Willingness to grow – owner-manager’s growth intention or willingness plays a vital role in making the business grow. Owner-managers of the growing business put the growth intention on top priority (Hay and Kamshad, 1994). However, we witnessed paradoxical issues with growth intention – some owner-managers want to grow their businesses, but they still want to keep controlling them. Moreover, some SME owner-managers also fear to lose the control over the business (Coad, 2009). Other owner-managers do not want to grow their business because of the rewards/benefits they get from the government.

Ability and motivation – an ability to manage growth refers three aspects – marketing, administration and managing information system. Along with these capabilities, owner-managers need technical, people management and entrepreneurial skills to obtain growth (Bridge et al., 2003; Zehir et al., 2006; Blackburn et al., 2009). Motivation also plays a vital role in making the business success which consists of lifestyle, comfort zone and growth intention. However, the abilities and intentions of the owner-manager are inter-connected to each other, and they overlap on the field – see Webber (1972); Davidsson (1991); Delmar and Wiklund (2008).

Age and gender – a handful of literature claims that the firms established and operated by younger owner-managers grow faster than the older owner-managers (Barkham et al., 1996; Obeng et al., 2014). In addition to the age, Cliff (1998) and Singh et al. (2001) find an association of business growth with the gender of the owner-manager. According to them, the businesses owned by male owner-managers grow faster than the businesses owned by female owner-managers. Female owner-managers keep the business small because of the intention to keep it small or they are over-cautious, so they take risk-averse strategy. As a result, the businesses owned by female owner-managers are successful but do not grow fast.
Qualification and experience – Singh et al. (2001) found an association of business performance with owner-managers’ academic qualifications. The businesses established by the entrepreneurs with university degrees are more successful than the business operated by the owner-managers without academic degrees. However, Macpherson (2005) and Cooney (2012) find that contextual experience plays a greater role in making the business success than the academic qualification.

Leadership styles and decision-making – even though leadership styles are mostly discussed in the context of large businesses, SMEs are influenced by leadership styles. Transactional leadership is found helpful for compliance, but not helpful to generate enthusiasm. Contrary to this, the transformational leadership are helpful for organisational learning and growth – see Vargas (2014) and Avolio and Bass (1991). Beyond the leadership styles, the decision-making process also plays a vital role in making the business grow. Gilbert et al. (2006) argue that the growth of a firm is a decision of an entrepreneur who decides how and where to grow the business.

Learning attitude and discretionary behaviours – learning attitude plays an important role in making a business grow. Baumol (1959) and Trau (1996) find management objectives and discretionary behaviours as the main reasons to grow a business. They emphasise that business performance is achieved from the employees’ learning activities. Employee’s (including owner-managers) discretionary behaviours help to gain new skills and knowledge, and it also contributes to achieving business performance.

Business factors – a handful of literature argues that business growth is associated with business characters such as age, size, type, location, technology, products (services), and organisational structure. Do these factors have the same degree of effect in achieving performance? No, there is no certainty whether these factors affect the business in the same way. However, the growth is affected by the growthiness\(^c\) of the business. So, what is the growthiness? Growthiness can be any character which helps to gain
continuous, quick and healthy growth (Mao, 2009). Some of the widely discussed business factors are discussed in the following paragraphs.

Business age and size – Blackburn et al. (2013) find an association between business performance and age/size of the business. Age has both positive and negative association with business performance as they show dual characters – young firms have a high rate of closure, and they also have a high rate of fast growth. A number of studies argue that the younger firms grow faster than the older firms. Slatter (1992) finds that new businesses are the riskiest ones during their early age, as about 50 per cent of SMEs shutdown within three years of their start-up. If the business age is increased up to ten years, the shutdown rate also increases to 60 per cent (Reid and Garnsey, 1996). Any SMEs older than a decade have less tendency of closure. The success of the business lies in how fast they grow in their first few years of start-up – see Altman (1983); Storey (1994); Nunes et al. (2013). However, Hamilton (2012) finds a positive association of business performance with employment size rather than the age of the business.

There are contradictions between businesses growth and age. On the one hand, Das (1995) finds a positive association between firm age and business performance. Burns (1989) also finds that small businesses grow in early years and stabilise later. On the other hand, Coad (2009) finds a negative association between the age and business growth. In terms of business performance, this situation articulates that businesses behave differently in different contexts.

There is a tendency of comparing business-growth between small and large ones. For instance, Hall (1987) and Dunne and Hughes (1994) argue that small firms grow faster than larger firms. The size of the business is also found linked with the business performance, where business size includes different aspects such as investment (from sole to crowdfunding), the number of employment, market coverage, and the number of products (services). Hamilton (2012) finds a positive association between the business growth and the size of the firm. He, further, explores that business-growth is not achieved continuously rather growing-businesses achieve performance in few but big steps. Considering
production based industries, Webber (1984) argues that when a business increases its products, production cost also increases and it affects multiple areas.

Business types – in a handful of literature, business types are discussed associating with business performance. The businesses with parasite nature grow along with the main business. For example, a coffee shop (parasite business) grows along with the growth of a university (main business). Similarly, by comparing exporting and non-exporting business, Robson and Bennett (2000) argue that the exporting businesses grow faster than the non-exporting businesses. This makes it clear that the type of the business has a huge impact on the business performance.

Location of the business – types of the businesses are discussed linking with the location and products/services they offer. Location plays a vital role to establish the business and make them grow. For example, a production-motive enterprise gets raw material (backward linkage), processes it, and supplies to the market (forward linkage). Therefore, one should consider the transportation cost, the size and life of the products, labour availability, and possible market areas before establishing a firm. However, a service-based enterprise may consider locating the business nearby their customers. This is because the customers are the main determinants for the service-motive businesses – see Webber (1972); Smallbone et al. (1999).

Business plans – ‘business planning’ and ‘planning to succeed in the recession’ are two other organisational characters that affect the business performance during the recession. Herbane (2013) studies 215 SMEs in the UK and recommends that business plans play a key role to overcome the recession. Wickham (2006) also finds the importance of business plans to achieve growth. The business plans help to grow a business by analysing, communicating, synthesising and taking actions. However, Deimel et al. (2009) find only 30 per cent of small businesses make some sort of plans. It is also not surprising to learn that 63 per cent of SMEs do not have any strategic plans.
Innovation – regarding the innovation and business performance, there are mixed outcomes. On the one hand, Mason et al. (2009) find that the high growth firms are more innovative. On the other hand, Omri and Ayadi-Frikha (2014) study 228 Tunisian micro-enterprises and conclude that the innovation in the organisation makes the business grow. However, Coad (2007) does not find any clear link between innovation and the business growth. Looking at both sides of innovation, a question may be raised, i.e. whether innovation makes businesses grow or growing businesses become more innovative? Whatever the case is – to become innovative, a firm should consider human, social and financial resources.

Other factors – there are other factors that affect business growth, but three of them are really important in achieving business performance. These factors are internal and external barriers, entry and exit barriers, and business advice and support. These factors have varied impact on the business performance.

Internal and external barriers – internal barriers are the obstacles and limitations that stop to expand the business internally. These types of barrier include funding, management capabilities, intention and motivation of growth, marketing and sales capacity, products and services. Similarly, external barriers are the ones that affect business externally. Some of the external barriers are the unavailability of employees, the high cost of capital, government tax, unfavourable legislation, lengthy bureaucratic process, competitive market structure and lack of infrastructure. These both internal and external barriers do not help to grow the business – see Barber et al. (1989); Terpstra and Olson (1993); Hay and Kamshad (1994); Cooney and Malinen (2004); Goldberg and Palladini (2008); Bachmann et al. (2010).

Particularly in the UK, the main barrier is ‘obtaining finance’ which is followed by cash-flow, human resources, and availability and cost of premises (Lee, 2011). However, in many situations, both internal and external barriers exist. These situations make it difficult to demark which barrier supports and which one stops growing. Regardless of their size and length, these barriers do not help to achieve business performance. By studying SME performance in the UK
between 1980 and 2002, Blackburn (2002) concludes that the growth of a small business is more affected by the structural changes of the economic shift (external barrier) than organisational and institutional efforts (internal barrier).

Recently, uncertainty is discussed as one of the main obstacles to grow the business which can be either one or both – internal and external barriers. If the uncertainty increases for a longer period, the effects become prolonged on economic activity. If businesses find uncertainty, they use ‘wait-and-see’ strategy which does not help business growth (Bachmann et al., 2010). Webber (2016) also backs up the argument and confirms that any uncertainty is not good for the businesses to grow.

Gill and Biger (2012) summarise that the barriers vary from business to business, as the firms are operated in different contexts. For example, the barriers in Hong Kong can be market competition and lack of finance whereas barriers in Nigeria can be financial contraction and inexperienced management. Even though the effect of internal and external barriers is contextual to the firm, they do not play any positive role in achieving business growth.

Entry and exit barriers – these barriers are discussed in connection with business start-up, growth and closure. By analysing growing firms in the UK between 1980 and 1993, Murphy (1996) concludes that low entry-barrier has low survival and high entry-barrier has high survival. The lower entry barriers increase the number of competitors which does not support to achieve business growth. Meanwhile, tough exit barriers stop owner-managers exiting from the business (Jamehshooran et al., 2011). Therefore, an ideal situation to start and grow the business is – the entry barriers are high, and exit barriers are low. Starting up a business may become tough, but the individual firm will have fewer competitors while operating the business. When the owner-managers want to exit from the business, they could leave the business without any losses, or they may even get more selling (trade-in) value.

Business advice and support – Bennett and Robson (1999) find an association between the business performance and advice taken. They discuss different
sources of advice and their role in the business performance. The study reveals that 95 per cent of businesses were getting external advice during the survey between 1994 and 1997. The study explores that the sources of advice play a vital role in making the business grow.

In the UK, the trend of getting external advice and business consultancy by SMEs increases since the mid-1980s. There are two major types of business advisors – private and public. Solicitors, bankers, accountants, family and friends, customers, suppliers, and trade and professional associations are some examples of the private advisers. Similarly, Federation of Small Businesses (FSB), Scottish Counterparts of Local Enterprise Companies (SCLECs) and National Enterprise Network (NEN) are some of the public advisors. It is interesting to find that SMEs take advice from external sources, but they mainly focus on taxation and financial management, computer training, advertising and marketing, and business strategy (Robson and Bennett, 2000).

Even though SMEs usually do not buy advice, SMEs get the benefit of advice they buy-in. Among the private sector businesses, the advice of accountants is most widely used which is followed by the advice from bankers and lawyers. Business friends and family members are other major sources of advice, especially when small businesses do not want to expose their information to outsiders. Advice from customers and suppliers also play a vital role to grow a business (Department of Employment, 1991; Bennett and Robson, 1999; Robson and Bennett, 2000).

External advisors provide ‘this is best for you’ kinds of advice which may be ‘best practised’ but not contextualised to the particular business (North et al., 1997). Trade organisations are the reliable sources to get advice. However, to achieve business performance, owner-managers need contextual information which may be obtained from similar business owners, subject experts (issue related) and financial experts (having similar experiences).

Usually, SMEs take advice in two situations – first when SMEs find it difficult to sustain, and second when SMEs want to grow. By studying 16 micro-
enterprises, Perren (1999) concludes that the businesses need tailored and timely support to achieve business growth. He also finds a complex pattern between independent growth factors and interim growth drivers. However, the impact of the advice remains unclear because of the complexity of input and other confounding factors. It is revealed that the advice received from like-minded people and trade organisations are vital. National and international trade fairs are more important to interact than the local and regional organisations. It is because, people from national and international organisations share their business ideas more frankly than the people from local and regional businesses (Denckels and Lambrecht, 1995).

By reviewing growth-affecting factors, it is evident that the growth of similar businesses is affected by different factors. Boston and Boston (2007) present such evidence. They find that similar characters work differently in high-growth and low-growth firms. On the one side, substantial numbers of literature give credit to the business growth-models that help to achieve business performance. On the other side, businesses take different paths to achieve business performance. An appropriate path helps businesses to achieve growth. Then, growth-affecting factors come along which straddle somewhere between growth models and growth paths. Again, there is no clear-cut answer to the question – which factors do actually help SMEs achieve business growth? Whilst Kirkwood (2009) associates business growth with internal factors such as good reputation, attention to customer service, diversification and employing good staff, Furlan et al. (2014) link business growth with external factors. Thus, without examining growth strategies, it will be incomplete to come to the conclusion of what makes the businesses grow.

2.5 Growth strategies

By examining business growth models, growth paths and growth-affecting factors, it is revealed that all of these aspects have some sort of impact in achieving business performance. However, as discussed in Section 2.4.1, business growth models on their own do not make the businesses grow. Organisations may take different paths to grow their businesses. Choosing an
appropriate path is the decision of the owner-manager, i.e. selecting a path that is compatible with growth-affecting factors. Yet, the organisational efforts make the business grow in economically difficult times.

Businesses need contextual strategies to link with growth path and factors. So, what are the strategies that make the SMEs success? It is tricky to identify a precise strategy because businesses implement multiple strategies to achieve growth. Obviously, the involvement of multiple strategies makes it unclear which strategy is associated more than others in obtaining business growth. Even though growth-stage based strategies are discussed widely in the literature, these strategies are discussed in the normal economic situation – see Gibb and Scott (1985).

However, the strategies which help to achieve business performance in a normal economic situation may not help to achieve business growth in the adverse economic situations (Macpherson, 2005). In the turbulent economic periods, businesses use strategies that help to focus on three aspects of the business – prevention, defence and focus (goal). Hence, it is argued that some businesses implement strategies to minimise the overall cost and some implement to expand the business through investment, innovation and diversification (Kitching et al., 2011).

Furthermore, the strategies implemented by businesses with teleological growth model serve better in the recessionary periods. Such businesses implement strategies that help to simplify the objectives and processes of the business – input, process and output. Input related strategies focus on cost minimisation by using the resources effectively. Similarly, process related strategies assist in improving employee and business efficiency. Finally, the output related strategies help to increase the sales, number of products and/or services, number of customers and market extension – see Churchill and Lewis (1983); Scott and Bruce (1987); Houghton and Paton (1991); Van de Ven and Poole (1995); Smallbone et al. (1997).
Contrary to the improvement of all business-process aspects, Drucker (1985), Nohria et al. (2003) and Stokes and Wilson (2006) recommend strategies to control input and enhance output. The businesses may control on input by gaining better access to additional resources, expanding the workforce and extending the knowledge base. Additionally, businesses may enhance output by diversifying products (services) and increasing the sales.

There are other thoughts about combining strategies to achieve performance in a recession. For example, Porter (1985) argues that the growth lies in competitive advantages of a firm. Therefore, the businesses – seeking the growth in a recession – need to select, combine and implement strategies from overall cost leadership, product differentiation and focus. Similarly, Gulati et al. (2010) also recommend to mix and match different strategies to achieve business performance in the recessions. The recommended strategies include cost minimisation, operational efficiency, involvement in research and development, diversification of products and services, and expansion of the market area.

However, there is no sufficient evidence to claim the effectiveness of one strategy than others. Assarlfind et al. (2013) claim that any strategy fulfilling three conditions – fit with organisational strategies, encourage organisational dialogue, and backed up by the organisational data – helps to achieve business performance. In this study, three strategies – learning in the organisation, restructuring the organisation and customer-focus – met these conditions and helped the case study firm to achieve growth in the recession of 2008-09. Based on the initial field data, I have developed an analytical framework which is presented in the following subsection.

2.5.1 Analytical framework
As presented in Table 2, this study employs an analytical framework comprising three layers and three dimensions. Three layers include management strategies, business process and organisation works. Where, management strategies have three facets – learning in the organisation, restructuring the organisation and customer-focus. Similarly, the business process comprises
input (enablers), process and output (results). Organisation-works constitute three types of activities which are aligned vertically with associated strategies and business processes.

Table 2: Analytical framework

<table>
<thead>
<tr>
<th>Layers</th>
<th>Dimensions</th>
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<tbody>
<tr>
<td>Management strategies</td>
<td>• Learning within the organisation</td>
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<td></td>
<td>• Restructuring the organisation</td>
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<td></td>
<td>• Customer-focus</td>
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<tr>
<td>Business processes</td>
<td>• Input</td>
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<td></td>
<td>• Processes</td>
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<td></td>
<td>• Output</td>
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<tr>
<td>Organisation-works</td>
<td>• Formal learning</td>
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<td></td>
<td>• Semi-formal learning</td>
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<td></td>
<td>• Informal learning</td>
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<td>• Experiential learning</td>
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<td>• Investing in learning</td>
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<td></td>
<td>• Skills and knowledge transformation</td>
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<td>• Knowledge dissemination</td>
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<td></td>
<td>• Advice buying-in</td>
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<td></td>
<td>• Knowledge contextualisation</td>
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<td></td>
<td>• Consolidating human resource</td>
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<td>• Consolidating physical resources</td>
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<tr>
<td></td>
<td>• Cost minimisation</td>
</tr>
<tr>
<td></td>
<td>• Establishing business networks of connections and relationship</td>
</tr>
<tr>
<td></td>
<td>• Recruiting, engaging and retaining customers</td>
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<tr>
<td></td>
<td>• Delivering services on demand</td>
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<tr>
<td></td>
<td>• Diversifying services</td>
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<tr>
<td></td>
<td>• Diversifying products and extending market</td>
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<tr>
<td></td>
<td>• Providing additional services</td>
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</tbody>
</table>

The learning in the organisation strategy is associated with the input of the business process, and it is also linked to the organisation-works such as learning approaches, investing in learning, skill and knowledge transformation, knowledge dissemination, advice buying-in and knowledge contextualisation. Similarly, restructuring the organisation strategy is aligned with work-in-process (the second facet of the business-process), and the second facet of the organisation-works such as human and physical resources consolidation, cost minimisation and establishing business networks. The final facet of the management strategy, customer-focus strategy, is aligned with the output of the business process, and organisation-works such as service diversification, market diversification, market extension, and offering additional services to the customers. This facet is also connected to the customers – recruiting, engaging and retaining.
Taking this understanding further, three strategies are discussed in the sense of how they are used to make the business grow in both normal and turbulent economic situations. In the following subsections, these management strategies are discussed.

### 2.5.2 Learning in the organisation

Learning strategy and associate organisation-works is the first dimension of the analytical framework as shown in Table 2. From the literature, it becomes obvious that learning is a process where organisations and employees learn in different stages and levels with or without learning intentions (Kim, 1993). In the literature, it is also explored that the relationship between learning and business performance is well established, where organisational knowledge determines the growth of business (Lee and Lee, 2015). Moreover, learning activities that help to achieve business performance can be grouped into different types such as financial, non-financial, qualitative and quantitative – see Tahir et al. (2011); Lee and Lee (2015).

Yet, there are disputes about ‘what part’ of the learning activity/process makes the business grow. Well, before examining ‘what part’ makes the business grow, it is worth to discuss the learning process. Learning process passes through different stages such as gaining skills and knowledge, transforming to the context, transferring to other people, implementing new skills and knowledge, and reflecting the outcome. That is, learning starts from the individuals, then it transfers to other people and organisations (Nonaka, 2007).

Among which, Jiang et al. (2012) argue that gaining skills and knowledge is important to achieve business performance, as employee skills, knowledge and attitude are associated with motivation, effort and opportunity. In contrast, Schein (1993) argues that transformation of skills and knowledge is more important to achieve business performance than what employees learn. The transformation process involves dialogues and interactions between individuals that play a critical role in the organisation – see Daft and Weick (1984); Huber (1991). Moreover, Ellis (1965) claims that ‘what the employees have learned’ becomes secondary, compared to ‘what they do in the business’. Therefore, the
implementation of skills and knowledge is more important than just gaining and transferring (transforming) skills and knowledge (Mamaqi, 2015). From these contradictory debates, it can be concluded that whole learning system is important to achieve business performance rather than just a part of the learning system.

From the above discussion, it becomes clear that employee learning plays a vital role in making the business successful. Moreover, there are individual factors that affect learning in the organisation such as learning reasons, learning approaches, learning time, and source of knowledge. In the following paragraphs, these aspects are discussed in conjunction with employee learning.

Learning reasons – employee-learning activities are affected by learning reasons. The learning reasons can be divided into two – personal (internal) and organisational (external). Personal reasons include a desire to move up, intention to improve performance, peer pressure, family pressure and social pressure. In contrast, organisational reasons are associated with the job role that is linked either with the existing job or with the future job. Therefore, the skills and knowledge gained due to the organisational reasons are, most likely, used at work – see Kim and Merrian (2004). Even though learning due to the personal reason does not guarantee that the employees get a chance to use their new skills and knowledge at work immediately, organisations get the benefits of enhanced skills and knowledge directly or indirectly (Prieto and Revilla, 2006).

However, there are no single reasons for employee learning. In many situations, employees learn for different reasons such as primary and secondary. The primary reason may be something which could be used immediately, but the secondary reasons may be something different which could be used in future. Therefore, how much employees learn depends on how much employees are motivated and how much contextual skills and knowledge employees gain (Prieto and Revilla, 2006). For whatever the reasons employees learn, the collective new skills and knowledge obviously help to
achieve business performance (Budworth, 2011). Along with learning reasons and capabilities, learning approaches also affect employee learning.

Learning approaches – formal and informal learning approaches are common in the organisational settings. Formal approaches mostly provide theoretical knowledge, and they are delivered in a planned way. Even though formal approaches help to gain skills and knowledge in a short time, they provide generic knowledge which may not be used without contextualising. As a result, SMEs tend to use informal approaches (Ku, 2012), as these approaches help to resolve ad-hoc issues. These skills and knowledge are very contextual to the organisation. Informal approach is also known as the demand-based approach. It is also noticed that social participation, interaction and dialogues are some forms of informal learning approaches. These activities turn into socio-cultural and social contracts which ultimately give a sort of pressure to learn – see Brown and Duguid (1991); Lave and Wenger (1991); Coopey and Burgoyne (2000); Popova-Nowak and Cseh (2015). In practice, SMEs implement both approaches to achieve employee efficiency and business performance.

Some scholars discuss formal and informal approaches using different terms. For example, Zhang et al. (2006) discuss these approaches by dividing organisations into two groups – stable and innovative. Stable firms' learning is faced inward, and they learn from experience which is based on a single person or a small group of people. In contrast, the innovative firms' learning is faced outward, where employees are encouraged to learn deeper and wider. As a result, stable firms concentrate on knowledge exploitation, while innovative firms balance between knowledge exploitation and exploration (March, 1991).

Other than formal and informal learning approaches, the experiential learning approach has a huge impact on SME performance (Deakins and Freel, 1998). As they argue the growth of an SME is dependent on the learning experience of the owner-manager. It is believed that the learning comes from decisions taken, mistakes made, experiences gained, and networks (relationships) developed. The dynamic and evolutionary learning process takes place when people are
getting involved in the activities. That is, learning is an accumulation of experiences – see Lewin (1947); Kolb (1984); Costello (1996).

Learning time – understanding ‘when an organisation or an employee needs to learn’ is very important for an organisation. The dynamic organisations learn continuously, as they can predict the requirement of future skills and knowledge in advance, and they align such strategies with organisational objectives – see Berends and Antonacopoulou (2014). However, SMEs implement ad-hoc types of learning activities. That is, most of the SMEs implement learning activities when they seek some kinds of changes in the organisation. Broadly speaking, organisations need to learn when they move from one stage to another or implement new strategies. The new strategies include the market extension, service (product) diversification and business expansion. If the organisations do not learn, they repeat the things they did in the past which may not make them successful in the changing environment – see Garvin (1993).

Employee learning should be continuous as they gain operational knowledge (know-how) and conceptual knowledge (know-why) of the business. Such continuous learning process completes a cycle of observing, assessing, designing and implementing (Zhang, 2000). Even if SMEs cannot afford to provide learning opportunities continuously, they should provide learning opportunities when the employees need it to handle the situation or equipment. In other sense, if the employees show the characters of frustration, anger and tension, the company should provide learning opportunities to its employees (Argyris, 1976).

Further to this, the scholars, who see the success in association with learning and development, argue that success of the business is not dependent on the strategies, but on the flexibility of their learning, transforming and implementing acquired skills in the changing context (Stokes and Wilson, 2006). Because of the rapid changes – in social, economic, environmental, and information and technology – learning systems are changed recently, and new skills and knowledge are transferred very fast – see Bakan (2010). Therefore, learning
should be quick, efficient and up-to-date. Otherwise, the organisations run out of the business fairly quickly.

Fortunately, along with rapid changes in the learning environment, learning resources are also easily accessible. Nowadays, people can learn from meetings (personal meeting or open seminars), distance learning (webinars, video conference, blogs and podcasts), and learning by doing or learning by developing (peer or mentor) – see Sumedrea (2015). However, how authentic information people get from open sources is another caveat. By using modern tools and techniques, people may obtain cheap and important-looking information all the time, but relying on such information may damage the business (Roffe, 2004). This tells that sources of knowledge are vital in the learning process.

Source of knowledge – source of skills and knowledge plays an important role in achieving business performance. Neither the skills and knowledge out of context nor the skills and knowledge obtained before starting the business help to achieve business growth (Freel, 1998). The growth is achieved by post-entry experience and learning such as adapting, adopting and becoming efficient. This notion articulates that the business performance is associated with firm-specific skills and knowledge. Thus, learning for the specific skills and knowledge in the context of organisation is important to make the business successful.

This invites requirement of knowledge (including skills) bank from where the organisation use skills and knowledge whenever they need context-specific skills and knowledge to succeed and grow. The stock of ‘learner and fitter’ human capital can handle the recession by coping with situations and adapting the changes (Geroski and Gregg, 1993). Clifton et al. (2010) back up this idea by arguing that individuals need an appropriate level of understanding to acquire and disseminate the knowledge in the context. Employees also need to have the ability to manage such knowledge.
The impact of management training and SME performance has not been established yet. However, it is assumed that the effective management training makes a positive impact on business performance (Storey and Westhead, 1996). To resolve business issues, an organisation needs to organise shorter but frequent training programmes which help employees to transfer skills and knowledge (Ackoff, 1999). Reciprocal training – one of the short and effective training – helps to develop an understanding of the business directly, and to achieve business performance indirectly.

The term 'learning' is widely used in the existing literature such as 'learning organisation', 'organisational learning' and 'knowledge management' – see Argyris (1990); Senge (1990); Jennex (2005). The concept of 'learning in the organisation' in this thesis is not exactly how it is discussed in the existing literature. It is about how employees learn and use their skills and knowledge to achieve business performance. By reviewing the existing literature of learning in the organisation, it becomes obvious that employee-learning strategy helps to improve their efficiency, and the improved employee efficiency ultimately helps to achieve business performance. However, from the discussion above, it is important to note here that employee learning itself does not make any business grow. Thus, next section examines how learning is utilised to implement changes in organisations and achieve business performance.

2.5.3 Restructuring the organisation

As mentioned earlier in Table 2, the restructuring strategy and associated organisation-works is the second dimension of the analytical framework. This study learned that businesses implement restructuring strategies to cope with adverse situations and achieve business performance in the recessionary periods. Achieving performance from restructuring the organisation is common in the business world. Business enterprises take proactive restructuring strategies mostly in the normal economic situations, and they tend to be formal in nature. These types of restructuring strategies are also known as planned-centred strategies which are planned in advance and implemented gradually to the whole organisation (Vargo and Seville, 2011). Contrary to this, reactive restructuring strategies take place mostly in the adverse situations. SMEs
usually do not plan for adverse situations, so they tend to implement reactive
(informal and ad-hoc) restructuring strategies to cope with recessions. Informal
and ad-hoc strategies resolve operational and most striking issues at the time of
adverse situations. Hence, these types of strategies are also known as
problem-centred strategies which are implemented when the problems arise
(Vrecko and Sirec, 2013).

However, the businesses which do not implement holistic and formal strategies
are unable to cope with changes, and fail to interpret environment (Thompson,
1998), face operational issues and tend to implement informal strategies.
Informal strategies are prone to resolve the temporary issues. One of the
common ways of resolving issues temporarily is to downsize the business.
Downsizing activities help to tackle economically adverse situations and to
achieve profit performance. Cascio (2005) finds three benefits of downsizing
strategy knowingly care of customers, constant innovation and committed
people.

For a sustained growth, businesses need to implement strategic restructuring
process which addresses the business as a whole instead of covering units and
departments of the business. The holistic approach includes the whole business
and the business system comprising input, process and output. The notion of
holistic approach here also means the perpetual event, not a one-off activity (Fu
et al., 2001). Wainwright et al. (2013) recommend seven different restructuring
strategies that an SME may implement during the recession. Those
recommended strategies include relocation, outsourcing, offshoring, bankruptcy
(closure), merger (acquisition), internal restructuring and business expansion.
However, all of these strategies are not suitable for all the SMEs, some may fit
better in one organisation than others, and some may be easier to implement in
one type of organisations than others.

It is explored that the SME owner-managers have greater influence over the
input and process of the business. As a consequence, implementing changes
within the organisation is easier as there is less chance of getting challenges
from the employees. However, the customers and their satisfaction (as an
output of the business) also play a significant role in making the business success. SMEs usually serve local people and foster the large enterprises (Vrecko and Sirec, 2013). Therefore, restructuring strategies should be implemented considering all three business processes – input (resources), process (production and service delivery) and output (products/services, customers and their satisfaction). Furthermore, SMEs implement recovery strategies to achieve performance in all the stages of the business. According to Collett et al. (2014), recovery restructuring strategies include cost minimisation, change management and market extension (including products and service diversification) which are discussed further in the context of the recession.

Cost minimisation – even though there are contradictions whether the retrenchment exercise affects the business performance, it is accepted as one of the most effective strategies to achieve business performance during the recession (Michael and Robbins, 1998). There are a number of different areas from where SMEs may reduce the cost – marketing, research and development, production management, organisational restructuring, and assets. Among these different cost-cutting areas, SMEs usually choose an overall cost and asset reduction strategy. DeDee and Vorhies (1998) also find that implementation of retrenchment activities and focusing on research and development help to achieve business performance during the recession. However, they warn that achieving business performance by reducing the cost of advertisement, research and development, and innovation may not last long.

Santos-Vijandea et al. (2012) argue that the business performance can be achieved by implementing a cost-cutting strategy. The cost-cutting exercise assumes that revenue generation stays the same even if the cost is minimised. This exercise creates a larger gap between the cost price and sales price. As a result, the firm gets more profit from the increased gap between the cost of production and sales revenue. However, in the real business world, it is argued that when the cost is minimised the number of services and products are also reduced. Again, if the sales price is reduced, it attracts more customers and
sales revenue increases. Ideally, in either case, a business gets benefits by implementing the cost-cutting strategy.

Change management – to achieve business growth in a recession, companies should manage the change effectively implementing a holistic approach. The input may be managed by investing in the human and physical resources making them more efficient and effective. Businesses may also invest in the machinery and equipment which help to improve the business process. Then the businesses need to manage their output by diversifying and exporting products, increasing sales turnover and recruiting customers – see Schmenner (1986)

Market extension – by diversifying products/services and expanding the business in other geographical areas, companies achieve business performance. The market expansion is also achieved from the business networks and business relationships. The business relationships particularly are important for the SMEs, as they lack in-house resources to deal the situation in the fast-changing environment. Thus, SMEs need business networks which help the owner-manager to gain the skills and knowledge from like-minded people or experts within the networks of connections (Schoonjas et al., 2011).

Additionally, Gilmore et al. (2006) discuss marketing activities linking with business networks. According to them, SMEs implement three marketing approaches to achieve business performance – sophisticated marketing, selective marketing and limited marketing. Sophisticated marketing activity deals with the customer-focus activities. SMEs plan for marketing activities integrating promotional activities that serve the customer demand. Similarly, selective marketing is intuitive with little or no planning, and it is achieved primarily through the sales and promotional activities. Limited marketing discusses the reactive activities. Firms with reactive marketing activities do not plan for marketing but take an opportunity through price promotions or price war.
There is a little evidence on how the business convert network of connections into the marketing activities. It is not surprising to find that the networks of connections help to achieve business performance through sharing ideas (skills and knowledge) from like-minded people, developing trust and relationship with other organisations, and understanding the context of their business. Even though the relationship between business performance and networks of connection is indirect (Chung et al., 2015), formal and external business networks provide higher degrees of business performance (Schoonjas et al., 2011).

By examining the existing literature, it is confirmed that restructuring strategy helps to achieve business performance. This study also finds some evidence to claim such relationship – see DeDee and Vorhies (1998); Santos-Vijande et al. (2012). However, the contexts of each organisation make it difficult to implement any 'one size fits all' restructuring strategy. So, the concern here is where and how to implement restructuring strategies. Lai et al. (2016) find that SMEs get better performance in flatter, more flexible and simpler organisational structure. Because the SMEs are flexible, they take informal approaches to manage employees which suit better to cope with environmental uncertainties – see Mintzberg (1980); Marlow and Patton (1993); Hill and Stewart (1999); Kitching et al. (2009a).

This study extensively looked at the restructuring strategies and how they affect SMEs to achieve performance. However, it is still complex to answer a question – why does an SME need to restructure the organisation? The answer could straddle between making the enablers (input or resources) efficient and having better results (output or customers).

**2.5.4 Customer-focus**

The third dimension of analytical framework is related to the customer-focus strategy and associated organisation-works. Like learning and restructuring strategies, the customer-focus strategy is also discussed in the literature associating with business performance. The notion of using customer related slogans such as ‘customer first’, ‘customer friendly’ are some examples of
customer-focus strategy. The major associations between the customer-focus strategy and business performance are found in sales turnover and profitability – see Nwokah and Maclayton (2006). Even if additional customers may not add sales turnover or profit, increased customers and their increased satisfaction are accepted as a business performance. Satisfied customers ultimately help to achieve higher revenue and profit in the long run if not in the short term (Anderson et al., 1994).

The customer-focus strategy is implemented in three steps – recruiting, engaging and retaining. Because most of the SMEs supply the local demands, recruiting customers is easier for them compared to the large firms. It is found that SMEs have more unsatisfied customers compared to the large businesses (Zemke, 1995). Therefore, engaging customers in the SMEs is challenging. However, a good thing about SMEs is – they are better in addressing complaints and resolving the issues. The branches of the large organisations should go through a chain of command to resolve issues, but SMEs comparatively have a small number of employees who know the people personally and sort out the issues quickly. If the customers and their issues are handled by making the customers satisfied, engaging and retaining them becomes easy (Zemke, 1995).

Furthermore, it is believed that retained customers recommend new customers. Arnold et al. (2011) find that the customer-focus strategy helps in recruiting and retaining customers by providing facilities such as loyalty and promotional activities. However, making customers satisfied is challenging because of the gap between customer expectations and perception about the products and services/products they receive (Zeithaml et al., 2006). It is because customers reach to the conclusion of buying particular service (product) by analysing their choice and evaluating available alternatives. Therefore, it is important to note here that the customer satisfaction is the fulfilment of their expected quality of product/service they buy, and the perception is the fulfilment of customers’ emotions, attribution for services, the fairness of transaction with other customers. Where, other customers are the close friends or family members. If the customers find any gap between their expectation and services (products)
they receive, they become unsatisfied. In this case, it becomes very difficult to make the customers satisfied.

By analysing the advertisements and their impact on the business, Celsi and Gilly (2010) argue that employees can assess how effectively customers’ needs could be addressed. If the advertised information reaches the customers, they get engaged and get involved in giving creative feedback and promoting the business. However, in today's dynamic business environment, retaining customers is tricky. In addition to the services, the employees (including owner-manager) need to develop business relationships with the local people through different community-based activities such as community work or involvement in non-profit-making activities. In other terms, the businesses need to comply social contract in the community they are located in. Such relationship development process follows the procedure of developing a relationship between buyer and seller as discussed by Dwyer et al. (1987).

Customer-focus lies in the middle of two opposing forces. On one side, there are challenges to recruit, engage and retain customers that demand qualified employees. However, on the other side, qualified employees do not usually like/want to work for the SMEs. Only 12 per cent graduates like to work for SMEs while this sector provides about 60 per cent employment – see DODS (2013). In such a situation, SMEs face challenges in preparing employees to recruit, engage and retain customers, and also preparing employees to fulfil customers' demand.

By examining these three business strategies, it is concluded that business strategies play a vital role in making businesses grow. Moreover, there are substantial numbers of strategies which are widely used by SMEs and discussed in the business literature. However, neither of these strategies is tested in a single firm, nor they are confirmed with performance in the recessionary periods. Therefore, this study investigates a case study firm by focusing on these strategies and examines their effectiveness in achieving business performance in the recession of 2008-09.
2.6 Conclusion

This chapter extensively reviewed the existing literature regarding the business performance. It explored SMEs in general – measuring business performance, growth measuring approaches and their contribution to the local, regional and national economies. Then, this chapter explored the recession and its impact on the SMEs, and SMEs' responses to the recession. The third part of this chapter examined literature regarding growth phenomena and identified a number of different organisational efforts that are responsible for making the business success.

This study presented growth models that are extensively discussed in the business performance literature, but these growth models are of little use in the context of recession. Instead, they could be used as tools to analyse business environment and implement contextual strategies and achieve growth. Furthermore, business growth paths and factors also have a substantial contribution to the business and management literature. In the context of the case study firm, these aspects are integrated into the analytical framework and are subsequently discussed in the empirical chapters. The framework is made up of three strategies, three business processes and three types of organisation-works.

This section identified that the existing business performance literature has three orientations. The first type of literature discusses business performance in the normal economic condition which does not provide relevant knowledge to the context of the recession. Achieving business performance in a recession is different than in recessionary periods. The second type of literature examines the business performance of large businesses. Importantly, the skills and knowledge used to make the large businesses success do not necessarily make the small business grow because there are fundamental differences between the large and small firms. The third type of literature deals with SME performance in a recession. Interestingly, this type of literature has some sort of relevance with this study, but again these studies use generic methods to investigate business performance using large-scale data. Hence, there is a
small gap of empirical research that examines how SMEs achieve growth in the recessionary periods.

To address such gap, this study takes a successful case study firm in the recession of 2008-09 and uses a holistic approach to investigate growth phenomena. Here, the holistic approach refers to all three layers of the business – core-layer, mid-layer and outer-layer. Where core-layer includes the owner-manager, and the mid layer comprises two interdependent firms and their organisational efforts and consolidated resources. The outer layer includes trade organisation, business advisors, local authorities and business partners. In these three layers, this study investigates the relationship between business performance and the organisational efforts in general and three strategies in particular. However, the focus of this study remains how and why some SMEs grow in the recessions.
Notes

A 'Opportunity cost' is understood as the loss of other alternatives when one alternative is chosen.

B The case study firm falls under the transport sector business. Therefore, the data only for this sector are presented and compared here.

C Mao (2009) describes ‘growthiness of a business’ as the ability of business to grow continually, quickly and healthily. It includes at least two abilities of a business – survival ability and sustained development ability. I have used this term to mean the growth ability of a business.
Chapter Three: Research Methodology

3.1 Introduction
This study set out to investigate business performance and growth phenomena in the recession of 2008-09. To do so, a successful case study firm was selected. It examined the owner-manager, two interdependent firms and their organisational efforts, and associated external organisations. While researching the case study firm, this study faced two challenges. The first challenge was related to the conceptual framework, i.e. defining SMEs, identifying business performance, measuring growth, and selecting growth-measuring indicators as discussed in Chapter Two. The second challenge was related to the data which included availability and reliability of business records, and time constraints of the research participants. By considering the available research approaches and complexity of the case study firm, this empirical research utilised plural methods to measure the business performance and to investigate the growth phenomena.

This chapter discusses how the case study firm was investigated to measure the business performance and to identify the growth-making factors in the recession of 2008-09. The chapter is divided into eight sections. After the introduction, in Section 3.2, the research framework examines different aspects of business and areas to be studied. Then, in Section 3.3, it discusses the research approach and describes how the research was organised, the firm was investigated, and the findings were generalised. In Section 3.4, it explains the research strategy and design that were employed to investigate the case study firm. Sections 3.5 and 3.6 describe how the data were collected and analysed. Reflection, in Section 3.7, compares and tells what went well and what did not work for this research. Finally, the conclusion, Section 3.8, gives a summary of the chapter.

3.2 Research framework
To investigate the growth phenomena in the case study firm, this empirical research used a research framework consisting of three layers as shown in Figure 1. The core layer makes up the owner-manager who was the main
player in his businesses, and the organisational activities were revolved around him. Therefore, this research studied the owner-manager and his activities inside and outside in both organisations. This framework is created based on what it does, how it affects others, and how other organisations affect the case study firm.

Figure 1: Research framework

The second layer consists of three components – Sharon Taxi, Anthony Garage and their combined organisation-works. These components are very important to understand, as the business input, process and output are dependent on them. The first component ‘taxi firm’ consists human resources, physical resources, business process and products/services (including customers). The second component ‘service garage’ also consists human resources, physical resources, business processes and products (including services and customers). Finally, the third component is the combination of activities that were taking place inside and outside of both organisations. This component also includes the activities related to the consolidation of resources.
The outer layer consists of external institutions such as partnering organisations, trade organisations, local authorities and business advisors. Using these organisations, the case study firm gained skills and knowledge, received advice and supports, and extended market area and services. The relationships with these organisations were vital in making the business grow. Therefore, this research framework makes up all the organisations in business relationships.

As the firm implemented both internal and external organisation-works to achieve business performance, this study investigated all the works done inside and outside the organisation. To investigate business performance and growth-making factors, data for ten years were collected (from 2004 to 2014). The data were collected in both qualitative and quantitative forms, and they were analysed to interpret growth phenomena and measure the performance. Qualitative data were collected by observing the business and business activities (including business processes), participating the meetings (staff and trade organisation), and conducting series of informal interviews. Similarly, quantitative data were drawn from observation, interviews and periodic reports. Where, periodic reports consist annual sales turnover, profit and loss statements, balance sheets, company profile, employee performance records and vehicle inspection records.

As discussed earlier, this research took a holistic approach to investigate the case study firm. It studied dyadic actions and reciprocal relations (in-kind) between the case study firm and the organisations (including people) in business relationships. Thus, this study included the owner-manager (shareholders), Sharon Taxi, Anthony Garage, business components, organisation-works and networks of connections.

3.3 Research approach

Despite having a substantial number of research approaches in investigating SMEs, there are only a handful of approaches suitable to investigate the dynamics of complex businesses like the case study firm. Any approaches with
four features are thought to be suitable to investigate SMEs and their performance in a recession. These features include – compatible with case studies, adaptable to multiple methods, suitable to work with research participants and able to create usable knowledge. That is, the context-specific knowledge could be generated and used to resolve issues. Based on these criteria, action research (Lewin, 1946) is found the most suitable approach for this study. Moreover, there are other approaches which are also suitable to research dynamics of the organisations and institutions – see ethnographic action research (Tacchi et al., 2003; Bath, 2009; Hartmann et al., 2009), action inquiry (Torbert and Taylor, 2008), action science (Roth and Bradbury, 2008), action learning (Pedler and Burgoyne, 2008), rapid rural appraisal, participatory rural appraisal, participatory learning and action and participatory action research (Chambers, 2008; Ozanne and Saatcioglu, 2008). However, these approaches are suitable mostly for the large organisations and communities where informal research processes are employed.

For this study, action research espouses best as this fulfils all the criteria required to research dynamics of the case study firm. Firstly, action research is compatible with the case studies which provide natural settings. Natural settings are the common phenomena for both action research approach and case study design. Action research follows a cyclic process of actions, results, evaluations and reflections that are done in natural settings. Because the action researches are done in a natural setting, the knowledge can be used directly to resolve the issues – see Benbasat et al. (1987); Grundy (1987); Heron (1996); Reason and Bradbury (2008); Yin (2014).

Secondly, action research accepts plural methods in investigating, analysing and implementing the changes in the organisations. Understanding the business and making sense in the contexts of business are important factors. To do so, one should use both quantitative and qualitative methods. Quantitative methods help to measure the growth whereas qualitative methods help to measure the development. Moreover, qualitative methods are good at investigating growth phenomena. Hence, this study uses multiple methods to investigate the case study firm.
Thirdly, action research approaches are known for involving people from the very beginning of the research to the implementation of findings. Action research identifies the situations of the organisation and helps to mainstream the changes in the organisation by acquiring or enhancing people's skills and knowledge. Therefore, action research is done by working with research participants and empowering them, acquiring knowledge, and making a positive change in the organisation – see Lewin (1946); Chein et al. (1948).

Finally, action research creates evidence-based knowledge such as experiential knowledge, exceptional knowledge, and propositional knowledge. This approach takes multiple questions – such as why and how – to generate knowledge of the context. The outcome of these questions should be practically valuable to resolve the issue, technically feasible and emancipatory. Therefore, the knowledge created from action research can be used directly to the organisation – see Heron (1996); Gustavsen et al. (2008) and Schon (1983); Kemmis (2001); Davison et al. (2004); Reason and Bradbury (2008).

From the above discussion, it becomes apparent that action research suits better to investigate dynamic organisations that intend to implement change in the organisation. Saying so, one should consider research objective before selecting the appropriate model of action research, as there are four broad types of action research approaches. Further explanation of these types makes it clear which one to choose for this research. By using the first type of action research, the diagnostic action research, the researcher enters into the existing problem, diagnoses it, and lets the client know about it. The second model is the participant action research. To implement this model, the researcher involves research participants in the research process. The members of the research team (including the research participants) work together to investigate the problem, develop the strategies and plan for the changes. Then the researcher exits from the field handing over the plans and strategies to implement. The third model, the empirical action research, is about record-keeping and accumulating experiences in day-to-day life. In this model, employees (including owner-manager) play the role of researcher. Using this model, people try to figure out cause and effect. The fourth model, the
experimental action research, assumes that there are alternative methods to do something. Then, it attempts to find the best option in doing things by implementing the changes and evaluating the results – see Chein et al. (1948).

By comparing different approaches (models) of action research against the need for this study, it becomes apparent that the participant action research matches the best in this study. It is because this study examines business practices, evaluates the organisation-works, formulates strategies, and leaves the field with recommendations. Moreover, this study employed a combined version of the participant action research (Lewin, 1946) and the problem centred action research (Stringer, 2007) to address specific issues of business performance in a recession.

Following the process of the participant action research, this research involved research participants while collecting data, analysing them and forming strategies. Similarly, this research also followed problem centred action research by examining problems, preparing plans for change, and providing plans to resolve similar problems in the future. These three phases of this research are presented in Table 3. The second and third columns show Lewin’s and Stringer’s research processes respectively. Finally, the fourth column shows the strategy that was implemented in this research.

### Table 3: Implemented strategy in the research

<table>
<thead>
<tr>
<th>Phases</th>
<th>Lewin, 1946</th>
<th>Stringer, 2007</th>
<th>Implemented Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Looking – gather relevant information and build a picture</td>
<td>Fact Finding – evaluate the organisational actions and learn from the basic information</td>
<td>Identifying fact – understand the firm and its context, and define the problem</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Thinking – explore and analyse, interpret and explain</td>
<td>Planning – make business (strategic) plan and discuss implementing steps</td>
<td>Finding solution – Analysing the business components and making sense of data</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Acting – Plan, implement and evaluate</td>
<td>Executing – review the plan and implement the plan</td>
<td>Developing strategy – based on the findings, develop strategy for the future</td>
</tr>
</tbody>
</table>
As shown in Table 3, the research was conducted in three phases. In the first phase, research problem was identified by developing an understanding of the case study firm and analysing its context. In the second phase, business components and data were analysed, interpreted and explained in terms of 'what', 'why' and 'how' things happened to find out the solutions. In the final phase, based on the findings, strategies were developed. Whilst working on each of these phases, constant use of observation, reflection and action were employed (Kemmis and McTaggart, 2000).

From the above discussion, it becomes clear that the action research was the 'best fit' approach to investigate the case study firm. However, approach alone was not sufficient to understand the reality of the case study firm and recommend the solutions. Therefore, this study also selected appropriate research strategy and design which are discussed in the following section.

3.4 Research strategy and design

This study does not find any prescribed strategies and designs (tools and techniques) to research SMEs and their performance in a recession. Also, it explores that researchers contextualise research strategies and designs to fulfil their objectives. Therefore trying to find out the best research method is technically wrong (Blaxter et al., 2010). By considering these facts, this study employed pluralist methodology – see Mingers (2001); Olsen (2007); Leitch et al. (2010); Wright and Stigliani (2013). Where, the pluralist methodology was equipped with participant action research approach (Lewin, 1946; Stringer, 2007), mixed method strategy (Achtenhagen et al., 2010; Creswell, 2014) and case study design (Benbasat et al., 1987; Kaplan and Duchon, 1988; Eisenhardt, 1989; Yin, 2014).

By using the case study design, this research identified three business functions. The first function was internal organisation-works which denoted the works done inside the organisation. The second function was external organisation-works, i.e. work done outside the organisation. The third function of the business was about the drivers of the organisation-works. These
interlinked business functions were helping the case study firm to grow. As mentioned earlier, Sharon Taxi and Anthony Garage were operated as the complementary organisations – dependent on each other. In addition to their interdependency, these firms worked in collaboration with other external organisations. Those external organisations included both profit-making and non-profit-making organisations.

We explored that researching a dynamic and complex firm invites multiple challenges. To overcome those challenges, the research project was divided into three phases as shown in Table 4. The research phases were merged with the research implementation strategy presented in Table 3. Then, the research process was implemented in the sequential order.

### Table 4: Research process and plan

<table>
<thead>
<tr>
<th>Research phases</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1 – Collecting data and building a picture</td>
<td>• Examined the mission statement and strategies, periodic reports, business network connections, organisation-works</td>
</tr>
<tr>
<td></td>
<td>• Examined entrepreneurial behaviour, strategy formation and implementation process</td>
</tr>
<tr>
<td></td>
<td>• Evaluated employee development and turnover</td>
</tr>
<tr>
<td></td>
<td>• Examined business operation process</td>
</tr>
<tr>
<td>Phase 2 – Exploring, analysing, interpreting and explaining data</td>
<td>• Analysed, interpreted and explained: what was happening and how/why the things were there?</td>
</tr>
<tr>
<td></td>
<td>• Determined the business performance – both in growth and development</td>
</tr>
<tr>
<td>Phase 3 – Generalising and developing strategy</td>
<td>• Produced and handed over a written report for the case study firm</td>
</tr>
<tr>
<td></td>
<td>• Developed growth strategies to implement in the future</td>
</tr>
</tbody>
</table>

As shown in Table 4, in the first phase of this study, an understanding of the case study firm was developed as a 'whole system'. The organisation was looked at from different angles such as business process (input, process and output), business characters (including the owner-manager), and management (strategic and operational). In the second phase, we explored two aspects – 'what was happening' and 'how and why the things were happening' in the case study firm. Understanding of such relationship helped to analyse the patterns
between business performance and organisational efforts. In the final phase, we produced reports and strategies to achieve business performance in the future similar situations. While implementing above research process, a strategy of ‘look, think and act’ was employed in each stage of the study (Lewin, 1946).

Where are we now? We have set out the background to research the case study firm. We discussed the framework, approach, strategy and design. In the next section, we discuss types of data and how they were collected.

3.5 Data collection

Even though the data were collected for ten years from financial year 2004/05 to 2013/14, the researcher was in the field for four years since July 2013. The data collection was started from the baseline survey to benchmark the growth in the case study firm. The data covered a wide range – from the organisational objectives to the demographic changes in the study area. Within this range, the data regarding mission statements, business history, similar businesses, other associated organisations, trade organisations and regulatory changes were collected. Based on these data, a baseline report was produced and discussed with the owner-manager to make the research plan. To investigate the growth phenomena, we used both qualitative and quantitative data. The qualitative data provided a broader and richer description and helped to develop an understanding of the case study firm. Thus, qualitative data were used to explore the growth phenomena, to measure the business development, and to generalise the findings. Similarly, the quantitative data helped to measure the business growth (quantitative change) in terms of employees, customers, sales turnover and profit – see Kaplan and Duchon (1988); Delmar and Davidsson (1998); Denzin and Lincoln (1998); Creswell (2014).

Both qualitative and quantitative data were gathered from primary and secondary sources. Data of the decision-making process, strategy formation and implementation process were collected from primary sources such as series of interviews, field observation, and by participating the meetings.
Similarly, quantitative data were collected mainly from secondary sources. The main sources of quantitative data were the periodic reports. Periodic reports included company profiles, loss and profit statements, annual turnover records, balance sheets, employee performance reports, and vehicle inspection reports. The data regarding the number of employees, their performance and development were collected from employee records. The customer data such as the number of customers, their frequency of visits, and their location were extracted from customer record system. Other data such as the number of similar businesses (including start-up and closures) in the study area, the number of total taxis, and local transport system and their routes, and the legal status of the firms were gathered from multiple sources such as Companies House, Yellow Pages, and the local authorities. Similarly, internet-based Google Ngram was used to find out the historical information of different terminologies such as SME, small business, shops, shopkeeper, and corner shop.

This study conducted a series of interviews with the owner-manager, nine employees (including self-employed drivers), four employees of other businesses (including business owners), three customers, and one business advisor. The list of these research participants and their roles are presented in Annex A. A series of informal interviews were conducted, i.e. we discussed on the topic whenever employees had time to talk. Even though the interviews were informal, I had different purposes of asking questions to different respondents. Sample questions are presented in Annex B. I tried to record all the conversations on my mobile device so that I could access them later. However, it was not always possible to record or write down the information at the time of interview. In those situations, the information was jotted down and written them later whenever it was possible.

Those unfinished informal interviews were continued from the point where they were stopped until a complete message was extracted or theme was built. To explore the customer experience, I conducted exploratory interviews with customers. Similarly, an interview with HR advisor was also conducted while the advisor was on the site. These interviews were one-off events, so I intended
to grasp the theme in a short period of time. Interview with neighbouring owner-manager and other business owner-managers (including employees) were also conducted in the informal settings. These types of interviews were mostly taken place in a nearby café. However, the focus of these interviews was to get information regarding the business opportunities, prospects and problems in the study area.

Qualitative data were collected by observing the case study firm and its business process, meetings of trade organisations, business activities in the study area and neighbouring businesses. The firm was observed in detail to understand the organisation-works. The observed data were recorded in the field diary in the form of texts, pictures and drawings to represent that particular situation. Observed data included owner-manager behaviour, notice board information, offices and workplaces, computer and equipment, customer flow, and geographical and connectivity maps. A complete business process from the arrival of a customer to the delivery of the services in both firms was also observed. As a part of the observation, I attended both internal (e.g. staff and HR advisor) and external (e.g. trade organisations) meetings.

By conducting interviews and observation, we collected data to examine business performance and growth phenomena. Unsurprisingly, all the required data were not available in the case study firm. Missing data were collected by asking the owner-manager and taking an average or forecasting from the available figures. For this purpose, interpolation and extrapolation methods were utilised.

It is important to mention here that different sets of data were collected for different purposes. In the following paragraphs, we discuss the types of data and purpose of their collection.

**Growth intention** – business-objectives and mission-statements were explored to examine the growth intention of the firm. However, the case study firm did not have any formal records of growth intention. Therefore, growth intention was extracted from the interviews with the owner-manager and senior employees.
**Operational environment** – this research examined the operational environment of Sharon Taxi and Anthony Garage. The operational environment included the decision-making process, advice taken, human resource management and development, and organisational structure. These data were collected from different sources such as policy documents, periodic reports, employee records, and interviews.

**Networks of connections** – business networks of connections and their impact on the firm were explored and mapped. The business partner and advisor selection processes were also examined to investigate the impact of those institutions/individuals. To find out the support from trade organisations, I attended regional and local meetings and analysed their business support policies. Business support policy data were collected by conducting interviews with owner-manager, studying corresponding organisation’s websites and reviewing their policy documents.

**Organisation-works** – works done inside and outside the case study firm were explored to analyse the impact in the business. Some of the organisation-works done outside the organisation included sponsoring schools and clubs, taking part in social activities. Similarly, organisation-works done inside the organisation included investment in employee development, workshop and office extension, investment in new equipment and altering the service delivery process. The pattern of business performance was compared against organisation-works. These data were collected and compiled from a number of different sources such as company profiles, periodic reports and interviews.

**Employee information** – to explore the relationship between business performance and employee performance, employment data were gathered. The data such as employee turnover, their involvement in learning activities, employee contribution in business activities (e.g. operational work, managerial job and decision-making process) were collected from both employee records and interviews with employees.
**Market share** – market share data were collected to locate the position of the case study firm in the study area. Those data were collected from the owner-manager, local authority, and observing (counting) public transports (taxis and buses) in the study area. Information regarding the number of vehicles was obtained from the owner-manager, similar service providers and local authority. The numbers of taxis on the road were counted from different nodes in the study area.

**Owner-manager character** – the owner-manager was shadowed for a week to collect the owner-manager information. By observing the entrepreneurial behaviour of the owner-manager, data regarding personality (e.g. traits and characteristics) and functionality (e.g. economic and social activities) were collected.

In this section, we discussed different types of data and how they were collected. It is said that gathering relevant data is very important, and making sense of the data is also equally important. By understanding the importance of analysis, in the following section, we discuss how those data were analysed.

### 3.6 Data analysis

Both qualitative and quantitative data were analysed for two purposes. The first purpose was to identify business performance – growth and development. Again, the performance was looked at from two perspectives – quantitative (objective) and qualitative (subjective). By using the quantitative measures, we examined the changes in size and numbers, and the results were broadly understood as 'growth'. Similarly, using the qualitative measures, we analysed change in quality and perception. The results of the qualitative analysis were understood as 'development'. The second purpose of the analysis was to identify the growth-making factors – what made the case study firm grow in the recession of 2008-09. In the following paragraphs, these aspects are further discussed.
Measuring growth – to identify the business growth, multiple numerical data were analysed. These quantitative data were digitised and calculated in a worksheet. The data were also analysed and presented using graphs and charts as discussed by Curran and Blackburn (2001). These data included both financial and non-financial information. Here, financial information refers sales turnover, annual profit, balance sheet amount, and assets value. Similarly, the non-financial information includes the number of employees, the number of customers, the number of physical resources, networks of connections, market area coverage and market share. By using these data, absolute and relative changes in the organisation were analysed. To calculate absolute and relative growth, four different equations were utilised as presented in Annex C.

Moreover, the business performance was examined in terms of short-term and long-term performance. Where short-term refers less than two years, and long-term refers more than two years. The numerical data were examined in terms of both absolute and relative change as shown in Figure 2. To see the impact of organisational efforts, absolute differences were calculated. Similarly, for the progressive change, relative performance was calculated.

<table>
<thead>
<tr>
<th>Growth</th>
<th>Absolute</th>
<th>Relative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-financial</td>
<td>Absolute Non-financial Performance&lt;br&gt;Number of customers, number of employees, number of equipment and vehicle, number of business networks, market share and catchment area</td>
<td>Relative Non-financial Performance&lt;br&gt;Number of customers, number of employees, number of equipment and vehicle, number of business networks, market share and catchment area</td>
</tr>
<tr>
<td>Financial</td>
<td>Absolute Financial Performance&lt;br&gt;Annual turnover, annual profit, balance sheet amount, value of the company and share value</td>
<td>Relative Financial Performance&lt;br&gt;Annual turnover, annual profit, balance sheet amount, value of the company and share value</td>
</tr>
</tbody>
</table>

Figure 2: Measuring business performance
Figure 2 shows growth measuring indicators and growth of the business. The growth-measuring indicators comprise financial and non-financial standards whereas growth comprises absolute and relative change. The growth is measured in four different ways – the absolute change in non-financial indicators, the relative change in non-financial indicators, the absolute change in financial indicators, and the relative change in financial indicators.

To analyse the catchment area, market share and market extension, Google Map was used to locate the customers and similar service providers. By analysing the customer addresses, catchment area was identified. Similarly, the competitors were also located on the Google Map, so that we could analyse their possible influence in the study area.

**Measuring development** – however it is important, it is necessary to reiterate here that the results obtained from the quantitative analysis lack the context. It is imperative to emphasize here again that this study is fundamentally based on the recession of 2008-09. As discussed in Chapter Two, achieving growth in the recessionary periods is not the same as achieving growth in a normal economic environment. For this purpose, a developmental perspective was employed to analyse qualitative data and measure the growth.

Furthermore, it was also noted that business growth in the context of a recession was not necessarily meant as same as positive change. It is also a perception of people what they think. To find the meaning of growth in the context of recession, it is necessary to see contextual indicators which also mean survival, success or meeting targets. Thus, to define the growth of the case study firm, three different perspectives were discussed. Firstly, the growth was analysed in terms of quality of work. Any change in the work quality was accepted as a business performance. The changes in the quality of work were measured on the year-on-year basis. The reports submitted to the owner-manager were analysed to examine such development. Secondly, employee development and activities in developing employee performance were also accepted as a business performance. The employee development record was used to keep track of employee participation in the learning activities and
improving their performance. Finally, improved employee performance was defined as a growth of the firm. Employee performance was measured by counting the number of services delivered (provided and completed) by an employee in a given time.

**Growth-making factors** – once the results of quantitative data were compared with national GDP and validated with qualitative data, growth-affecting factors were explored. To examine the relationship between organisational-efforts and their impact on the business performance, qualitative data were analysed. The interview records, diary notes, periodic reports, and notice board information were transcribed and digitised. While listening and transcribing the interview records, I reflected the situation of the interview – what was happening in the field. To analyse the transcripts, rather than analysing all the scripts, different themes were picked up to analyse and searched and located relevant texts. Then, specific text and information were gathered and interpreted in the context.

Moreover, to investigate growth phenomena, we explored the organisation-works that helped to achieve business performance. For each small or large change in the organisation, we explored the reason behind the change. In the beginning, major changes were compared with organisational efforts. Gradually, smaller changes were compared against the organisational efforts. Different organisational efforts in the time period were checked against the business performance in the case study firm. This way, the growth-affecting organisational-efforts were identified, examined and their impact was confirmed.

Up to now, this chapter discussed the research framework, examined the importance of research approach, design and strategy. It also discussed the methods of collecting and analysing data. It was realised the need for both subjective and objective perspectives to develop an understanding of the business, business performance and the growth phenomena. Looking forward, this is the time to reflect the research process which is discussed in the following section.
3.7 Reflection

It was not only challenging to find a successful SME in a recession, but it was also difficult to get the owner-managers who could offer business for research. With support from the university, finding such an SME and organising the research was done without any complication. The introductory visit to the case study firm with my supervisors in 2013 helped us to understand each other and to plan the research. After the first visit, I started developing a relationship with the owner-manager (including employees), exploring the organisational change, and examining the networks of connections. However, formal research started later in 2014 only after obtaining the ethical approval.

At the beginning of the research, I was mostly working with the owner-manager and collecting (generating) data from computers. My interaction with other employees was very low, as I was working in the field informally. Later, when I started the research formally, I felt like an outsider – some of the employees were treating me as ‘a man from a university’ and/or ‘a man of the owner-manager’. This situation obscured me to interact with the employees and enter into the matter of research.

In addition to this, I faced three situations when I felt like researching the case study firm might become a difficult phenomenon. The first situation was about the employee awareness – when I asked about growth information of the taxi firm, a member of staff said that the growth was achieved in the garage, not in the taxi firm. This situation denotes that there was a lack of awareness among employees about the business performance. In fact, the taxi firm was achieving a high growth during the recessionary period. The second situation was about the consent – despite having full access to the business and employees, one of the employees did not share the information by rejecting the consent. I believed that employee was holding vital information about the business. The final situation was about the owner-manager and obtaining missing business records – the owner-manager was externally busy, so getting hold of him was very difficult. In some situations, even after making an appointment, the owner-manager was not able to meet because of other serious business issues.
However, these situations did not stop me to collect data that I needed to
explore the relationship between business performance and organisational
efforts. To deal with the first situation, I took a strategy of not representing the
university and also not meeting the owner-manager in my visits. Just like other
customers, I entered into the business — booked appointments for vehicle
servicing and MoTs, used their taxis to go around in the city. From these
activities, I started to explore the business aspects such as employees,
business process and business environment. I also visited business sites in the
absence of the owner-manager and observed employees and customer
interactions locating myself in nearby cafés. Furthermore, I started interacting
with neighbouring business owners to obtain information about the case study
firm, surrounding businesses, local business activities and business
environment. Gradually, I became a part of the organisation.

Similarly, to resolve the second issue of collecting data, I used alternative
sources such as the owner-manager and other employees. The involvement of
multiple people helped to collect and verify the information.

Finally, the third issue was resolved by involving two senior employees in the
research. These people organised meetings with the owner-manager, dig out
the old documents and reports, and asked accountants to provide missing data.
One of the senior managers also helped to interpolate and extrapolate the
missing information from the periodic reports.

After obtaining the consent from research participants, interviews were
conducted. However, languages used in some interviews were traceable.
Therefore, some of the statements were restated, and the filler words were
removed without deviating the spirit of their saying. Further to this, research
participants were anonymised by changing their names, titles and genders
where necessary. Similarly, the location map — used to analyse the catchment
area and to locate other businesses in the study area — was also removed after
analysing the data.
In general, I found that the participant action research worked well to investigate growth phenomena in the case study firm. It fulfilled the objectives of this research. Despite having full access to the business, it took some time to start the research formally as I had to obtain ethical approval from the university, obtain consent from the research participants, and build rapport with employees. Introductory and midterm visits with the supervisors helped me to establish the relationship and tempo the research process.

3.8 Conclusion

This chapter presented a research framework to investigate a dynamic and a complex business like the case study firm. Using the framework, this study discussed how plural methods could be utilised to investigate a successful business in a recession. It further explored different research approaches and assessed the suitability of the participant action research. It discussed the research process and presented how a researcher enters and exits from the field of research. Moreover, this chapter analysed how participating organisations may use the knowledge created from the research. It also reviewed and evaluated how the action research marries case study design and mixed methods. Then, it further discussed the suitability of case study design and mixed method as the strategy for collecting and analysing data. The mixed method strategy was selected to collect and analyse both qualitative and quantitative data and to develop an understanding in terms of subjective and objective perspective. The research was designed as a single case study to acquire in-depth information about the firm. The selected approach, strategy and design were suitable to investigate the business in a recession, to measure the business performance, and to identify the growth phenomena.

By utilising the methodology discussed in this chapter, this study investigated the case study firm and explored the growth phenomena. The next chapter presents how the case study from used three management strategies to achieve business performance. Moreover, it analyses the impact of organisational efforts.
Notes

A From the baseline data, a benchmark report was produced. Later, the report was submitted to Small Business Charter (SBC).

B I had a meeting with Professor Nigel Locket, a board member of SBC and the Past President of Institute for Small Business and Entrepreneurship (ISBE). In the meeting, we discussed different areas of SME performance in the recessionary context.
Chapter Four: Business Performance

4.1 Introduction

As discussed in Chapter Two, achieving growth during the recession is not a common phenomenon for SMEs. However, the case study firm was an exception; the firm was achieving business performance during the recession of 2008-09. Therefore, the main objectives of this chapter are to analyse the business performance and investigate how and why the firm was achieving growth despite economic adversity. Utilising the analytical framework discussed in Chapter Two and the research approaches, strategy and design described in Chapter Three, this chapter advances the analysis. To advance the knowledge of business growth, it examined different aspects of performance such as growth, development, succeed and sustain. As discussed in Chapter Two, the term 'growth' is also looked at from a developmental perspective and finally the reasons for business performance are analysed.

Following this shortish introduction, the measurement of business growth in quantitative term considering both absolute and relative changes is discussed in Section 4.2. Section 4.3 presents the growth of business in terms of qualitative change in the case study firm. This developmental concept takes a number of different indicators including growth perception and employee development. In Section 4.4, the growth in the case study firm is compared with the local and national economic performance. Then, Section 4.5 discusses the business performance in terms of market-share. Market-share data are discussed comparing with similar service providers in the study area. The data about the similar and alternative service providers give an idea about the survival and/or closure of other businesses and thus the customer-drain effect. This is discussed in Section 4.6. The business growth was achieved from the implementation of management strategies and associated organisation-works which was connected by the business process. Such connection is examined in Section 4.7. Finally, the conclusion of this chapter is presented in Section 4.8.
4.2 Growth of the firm

The growth in the case study firm was achieved throughout its operation. Even in the recession of 2008-09, the firm was achieving growth. The analysis of quantitative data shows such growth in the case study firm. The overall business growth was continuous and consistent. However, there were inconsistencies when we looked closely at the growth variables for the shorter period. Even though the firm was not achieving performance in a short period, the firm was achieving performance in a longer term.

Despite the common practice of measuring turnover and profit in profit-making organisations, this research employed multiple variables to measure the business performance. Such decision was made considering the factors of small businesses such as availability and reliability of data, and complexity of collecting data – see Chapter One. To quantify the business growth, this study explored the business records for ten years from the financial year 2004-05 to 2013-14. The business records consist both financial and non-financial information. Where, the financial variables are assets value and annual turnover, and the non-financial variables are the number of customers and number of employees. Business performance in these variables over the ten years, and particularly during the recession, is elaborated in the following subsections.

4.2.1 Total assets

The record of total assets, fixed assets, current assets and net assets for the years 2005 to 2014 is presented in Figure 3. These variables are interrelated to each other, but each of them has a distinct influence on the business performance. The total assets value is the combination of current and fixed assets, and the net asset is the difference between total assets and liabilities. In terms of assets value, the business shows a positive performance. The total assets value increased until 2012 then there was a significant fall due to the depreciation and lack of further investment. Individual firms of the case study firm were performing better at different time periods. For example, the taxi firm was performing better during the recession of 2008-09, while the performance
in the garage was gained after the recession. However, the combined performance of both firms was positive throughout their operation.

As shown in Figure 3, the maximum growth in total and fixed assets occurred between 2007 and 2008. The fixed assets value was increased by £607k as the case study firm made an investment in 25 new vehicles and cab operating system ‘AutoCAB’. However, in this period, the net asset was increased only by £262k. Such difference in the fixed assets and net assets value reveals that the investment was made from the external support where the liability was also increased. Furthermore, the case study firm was updating business processes, business operating systems and fixed assets such as equipment, premises, and workspace extension in the later years. In 2012, the company had written off current assets and reduced fixed assets. As a result, there was a considerable fall in total assets value. Even though there were inconsistencies in total assets values, the case study firm was achieving growth in terms of total assets during the recession of 2008-09.

![Figure 3: Assets values of the case study firm](image)

To investigate the behaviour of individual firms, assets were examined in both firms. The breakdown of assets value is presented in Table 5. There was an
increment of fixed assets in the garage except in 2011 and 2013 when the additional investment was not made. Contradictory to this, in the taxi firm, the fixed asset was increased until 2008 then it started to fall. This is also the result of deduction of depreciation amount and lack of further investment. A closer look at the financial years 2007 and 2008 reveals that there was a remarkable change in the fixed assets. The fixed assets of the garage had a little increase of £9k while 25 new vehicles made a significant increase reaching £600k in the taxi firm. There was an increase of £111k in the current asset in the garage and decrease of £225k in the taxi firm. The total asset was increased by £121k and £373k in the garage and taxi firm respectively. The net asset was also increased in the garage and taxi firm by £91k and £172k respectively. However, net assets value was not increasing simultaneously with the fixed and total assets value.

Table 5: Individual firms and their assets value

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed Assets [’000]</th>
<th>Current Assets [’000]</th>
<th>Total Assets [’000]</th>
<th>Net Assets [000]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Garage</td>
<td>Taxi</td>
<td>Garage</td>
<td>Taxi</td>
</tr>
<tr>
<td>2005</td>
<td>119</td>
<td>215</td>
<td>12</td>
<td>172</td>
</tr>
<tr>
<td>2006</td>
<td>113</td>
<td>446</td>
<td>23</td>
<td>188</td>
</tr>
<tr>
<td>2007</td>
<td>145</td>
<td>460</td>
<td>-5</td>
<td>297</td>
</tr>
<tr>
<td>2008</td>
<td>153</td>
<td>1059</td>
<td>106</td>
<td>72</td>
</tr>
<tr>
<td>2009</td>
<td>166</td>
<td>940</td>
<td>163</td>
<td>123</td>
</tr>
<tr>
<td>2010</td>
<td>206</td>
<td>947</td>
<td>120</td>
<td>183</td>
</tr>
<tr>
<td>2011</td>
<td>152</td>
<td>931</td>
<td>158</td>
<td>240</td>
</tr>
<tr>
<td>2012</td>
<td>222</td>
<td>668</td>
<td>244</td>
<td>360</td>
</tr>
<tr>
<td>2013</td>
<td>191</td>
<td>605</td>
<td>93</td>
<td>295</td>
</tr>
<tr>
<td>2014</td>
<td>285</td>
<td>538</td>
<td>120</td>
<td>265</td>
</tr>
</tbody>
</table>

Note: Total assets = Fixed assets + Current assets
Net assets = Total assets - Liabilities

The comparison of net assets in both firms shows that the garage was achieving a negative growth in the first four years of the establishment, i.e. from 2005 to 2008, then it started to grow, but the taxi firm was gaining growth regularly until 2011 then it started falling every year. Such drop in the taxi firm was recorded due to the changes occurring in the case study firm such as
financial investments and resource consolidation. In the years 2011 and 2012, the ownership of the vehicles was transferred from taxi firm to the garage which affected the structure of the assets in the firms. In addition to this, both firms were restructured internally. This restructuring process made further consolidation of resources in both firms.

4.2.2 Sales turnover
The increasing annual turnover is evidence of business growth during the recession of 2008-09. The taxi firm started achieving growth since the owner-manager, Chris, took over the business in 2004. However, the garage was not open to the public by then, so its contribution to the growth of the business was nominal. The combined turnover of both interdependent firms is presented in Table 6. Even though there were irregularities in business performance, the case study firm was achieving growth throughout its operation except in the financial year 2011-12, when there was a fall of £28k on annual turnover.

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Annual turnover ['000]</th>
<th>Change ['000]</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>107</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2005-06</td>
<td>151</td>
<td>44</td>
<td>40.86%</td>
</tr>
<tr>
<td>2006-07</td>
<td>195</td>
<td>44</td>
<td>29.01%</td>
</tr>
<tr>
<td>2007-08</td>
<td>992</td>
<td>797</td>
<td>409.64%</td>
</tr>
<tr>
<td>2008-09</td>
<td>1093</td>
<td>101</td>
<td>10.20%</td>
</tr>
<tr>
<td>2009-10</td>
<td>1240</td>
<td>146</td>
<td>13.39%</td>
</tr>
<tr>
<td>2010-11</td>
<td>1241</td>
<td>1</td>
<td>0.12%</td>
</tr>
<tr>
<td>2011-12</td>
<td>1213</td>
<td>-28</td>
<td>-2.25%</td>
</tr>
<tr>
<td>2012-13</td>
<td>1378</td>
<td>164</td>
<td>13.55%</td>
</tr>
<tr>
<td>2013-14</td>
<td>1386</td>
<td>8</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

The annual turnover in the financial year 2004-05 was £107k which was increased to £151k in 2005-06. By the financial year 2006-07, the annual turnover reached £195k. There was a sudden increase of £797k in the financial year 2007-08 contributing £992k of total annual turnover. It is very interesting to see the increase in turnover of more than 400 per cent (approximately £800k)
which was achieved from 25 additional vehicles purchased in 2007. Taxi businesses in general, and the case study firm in particular, were not having favourable conditions in the financial years 2007-08 and 2008-09 (McCaan, 2009). On top of the financial crisis, local authority faced budget cuts and terminated the local transport contract with the case study firm. The local authority also deregulated the taxi licencing process. The new policy put an age limit on the vehicle. Despite these complications, the annual turnover continued to grow and reached £1.09 million (gaining ten per cent growth) in the fiscal year 2008-09. In the later years, the case study firm gained a steady growth in the annual turnover.

An interview with Chris gave some valuable information about the business performance in terms of annual turnover in this period. On the question of ‘what do you think about the success of the business’. He said, ‘First of all, if the business is increasing sales by 150 per cent, that is success… If you take a business in 2004 with a turnover of £0.25 million a year and more than £1.5 million in 2014, that is a success’. In addition to the information available from the financial reports, the information obtained from Chris helps to figure out a significant increase in the annual turnover. The reasons for such growth are elaborated in the Chapters Five, Six and Seven.

4.2.3 Number of employees

The increased number of employees is another evidence of business performance during the recession of 2008-09. In the garage, the proportion of the employees and the customers was increased. However, that was not the case in the taxi firm – there was no remarkable change in the number of customers. Figure 4 shows a trend of employment growth in the case study firm. The employee records were taken at the end of the corresponding financial year. The number of employees was calculated by dividing the total hours of work done per week in the case study firm by 37.5 hours (assuming this as the full-time work per week). However, weekly hour calculation does not apply to self-employed taxi drivers. Therefore, the employment number was calculated from their head-count.
As shown Figure 4, the case study firm started the business with 15 employees including self-employed drivers in 2005. In the year 2006, ten additional people were employed which accounts for 67 per cent increase in the base year employment. This was followed by 60 per cent increase in 2007, 23 per cent in 2008, and 12 per cent in 2009 reaching the total employment to 40, 49 and 55 respectively. Even though absolute growth in the number of employees was still remarkable, the relative growth in an average was about 5 per cent between the years 2010 and 2013. While comparing the number of employees between 2005 and 2014, the total employment increment was more than 350 per cent reaching 68 employees. This remarkable growth in the number of employees assures the performance of the case study firm.

It is interesting to explore that the case study firm recruited 25 new employees in 2007. However, on the total number of employment, only 15 employees were increased. Such discrepancy denotes the termination of some employees. That is, on the one hand, the case study firm was providing the employment, and on the other hand, the firm was terminating some employees. As a part of the restructuring strategy, the case study firm improved the efficiency of the employees and trimmed underperformers or the middle managers. A detailed
discussion about employee efficiency and restructuring is presented in Chapters Five and Six.

4.2.4 Number of customers
The annual number of customers from the financial year 2004-05 to 2013-14 is shown in Figure 5. The changes in the number of customers show that the case study firm was achieving business growth during the recession. Customers served by the case study firm were recorded based on the absolute number who ‘stepped in’ to the garage or used taxi-service. The number of customers and services provided by the case study firm were gathered from an automated customer counting system. The customers were increased in both firms during the recession of 2008-09.

However, the growth was not consistent with the year of business operation. In the financial year 2004-05, total customers were 121k. This number was increased by more than 17k (15 per cent) and reached 139k by the end of the fiscal year 2005-06. Similar growth was recorded in the financial year 2006-07 with the increase of 21k (16 per cent) contributing to the total of 160k customers. The highest growth was achieved in the financial year 2007-08 reaching 212k by increasing 51k customers (32 per cent). Despite adverse
situations, the growth was continued in the following years with the recorded increment of 22k reaching 234k customers in financial year 2008-09. However, there was a big fall of 34k customers in the financial year 2009-10. In regards to the slowing customers, the owner-manager insisted that the decrease was the result of weather. Both too good and too bad weather conditions are not good for the taxi businesses, he claimed. Looking at the number of customers closely, the company was losing 4k on average for eight months then it gained customers. As complained by the owner-manager, the weather had a huge impact, of course. However, the impact of losing customer was also affected as result of losing account customers. 'Account customer’ means the customer in contract which could be personal (including private organisations) or organisational (e.g. local authority, hospitals and blood bank). It is worth to note here that the case study from lost the contract from local authority during the recession. Hence, despite the owner-manager's argument, the firm did have substantial impact of termination of contract.

Moreover, the deficiency in the number of customer during the financial years 2011-12 (for 3k) and 2013-14 (for 2k) were the results of the shutdown of three old pubs in the study area. Nevertheless, the increased number of customers during the recession clearly indicates the positive business performance of the case study firm.

From the analysis of quantitative data, it becomes clear that the case study firm was achieving positive change during the recession of 2008-09. The recession of 2008-09 had a little impact or no direct impact on the case study firm. The growth, in fact, was achieved throughout the business operation including pre-recession, during the recession and post-recession. A very important point to note here is that the annual turnover and the number of customers were increased more during the recession than in the pre-and-post recessionary periods. In Table 7, the total growth in absolute values and the average annual growth rate for ten years is summarised.
As seen in Table 7, a remarkable growth was achieved in the annual turnover with 119 per cent increment. This growth was followed by the number of employees contributing 35 per cent per year. Similarly, an average annual increase in assets value and the number of customers was 13 per cent and seven per cent respectively. Such performance in both financial and non-financial variables clearly shows that the case study firm was achieving growth throughout its operation.

4.3 Development of the firm

As discussed in Chapter Two, the growth does not necessarily refer to the development. Development is context specific and subjective. Therefore, it was important to understand the growth of the case study firm in the context of the recession. To do so, qualitative data were analysed. The qualitative growth in the case study firm was understood as a development and measured in terms of success, survival and growth perception. By interpreting qualitative data, following subsections present how the business development was defined as growth, and it was measured in the case study firm.

4.3.1 Defining business development

To establish the concept of business development in the case study firm, employees' perspectives were analysed. Chris, the owner-manager, takes two standards to define growth. He puts one standard for normal economic environment and another standard for the adverse economic situation. In normal economic environment, the growth was defined in terms of positive change which can be measured by analysing the changes in annual turnover, cash generation and return on investment (i.e. in quantitative terms). Contrary
to this, growth in the adverse situation was considered as survived, success or meeting targets. Therefore, measuring development takes contextual standards such as growth perception, employee development, staying static and organisational change. Chris confirmed such claim in a discussion.

**Researcher**: How do you define business performance in a recession?

**Chris**: Any positive change is growth. But if you are considering the growth in a recession, as we are talking about. It should consider other aspects such as inflation, survival of other similar businesses, meeting targets and more importantly – the context. People don’t use taxis as they used to do before. There are two reasons – you have got Sky/Wi-Fi, and also things are delivered at home. Why do you need to go to the cinema? Why do you go out for entertainment? We all have at home. It’s home delivery, pizza home delivery, and Chinese home delivery. Doing things at home are a lot cheaper than going out. In the case of our taxi firm, there was a massive decrease in public spending in 2008. Probably 20-30 per cent decrease in the use of taxis for school transport, especially for SEN (Special Education Need). If you go to see any taxi business, the turnover has been dropped by 38 per cent or maybe more. In such circumstances, ‘survival’ should be accepted as growth.

From the above discussion, it becomes apparent that the definition of growth in the normal economic situation does not apply to the recessionary context. For the economic condition, as discussed in Chapter Two, Chris also defines growth in the sense of ‘positive change’. However, Chris claims that the definition of growth should consider the context in which the business is operated. Recalling the business environment during the recession of 2008-09, Chris uses a term ‘survival’ to define the business growth. In a context when the businesses were struggling to survive, the growth should be seen with the sense of surviving or succeeding.

In addition to the recession, the case study firm was affected by the people’s changing lifestyle which was affected by three features – contracted income, modern technologies and facilities available. Firstly, due to the economic crisis, taxi businesses were having multiple effects as people were looking for the cheaper options in the recession. Companies were using alternative strategies to cope with the recession of 2008-09 instead of ‘redundancy strategy’ which
used to be a common practice in the past. Alternative practices included zero hour contracts, layoffs, and flexibility in working hours (Philpott, 2009).

Secondly, modern technologies are also affecting people’s lifestyle. Using modern technologies such as TV, Wi-Fi and WII, people started having entertainment at home rather than going to the cinema. For example, people could watch films at home, modern technologies provide physical-exercising facilities at home, and the food is delivered at home. These facilities and services encourage people to be at home and utilise the services from their home.

Finally, the changing social landscape makes sense of what the owner-manager was coming from. It was noticed that the overall business environment was not favourable and annual turnover was dropped in the entire business sector. People were struggling to survive or success within a limited income. Hence, it is important to understand how the people in the business feel about business performance. Is it still meeting the targets? If the business is successful in terms of meeting targets, it should be accepted as growth. In this respect, the case study firm was achieving growth in the recession of 2008-09.

4.3.2 Measuring business development

The subjective and context-specific definition of the development helps in identifying appropriate development measuring indicators. This study uses contextual qualitative variables to measure the development of the case study firm. The variables utilised in this study are growth perception, employee performance, employee development, and quality of work. In the following paragraphs, these variables are discussed in detail.

Growth perception – this research explored employee opinion about business growth and confirmed that growth perception was accepted as the business performance. Conversations with the owner-manager and employees reveal that the firm was growing every year. However, the source of information of growth perception was not the same. Some employees analysed business growth in terms of customer demand while some employees accepted growth
as the increase in the number of working hours. Following excerpts from different discussions show that the case study firm was achieving performance.

**Researcher:** How do you feel about the growth in this business?

**Bill:** Yes, we are growing. We are growing in the number of drivers, we are growing in the number of vehicles, and we are getting more business. I don’t see the financial reports, and I don’t check the number of customers. But from my working experience and the number of customers I serve per hour, I can say that we are growing day by day.

**Natalie:** Of course, we are growing, and we still can grow. Sometimes, we cannot provide services to the customers, and we need to tell them ‘sorry’. We still have more demand, that means we are growing. We have more vehicles and more customers. Doesn’t it tell something about our growth?

**Chris:** More customers, more cash generation, more ramps, and more annual turnover – yes, we are growing. The growth may not be steady, but we are growing.

The discussions with the people (includes employees and owner-manager) in the business make it clear that the case study firm was growing. For example, Bill mentions two things – ‘increase in the number of drivers’ and ‘increase in the number of vehicles’ – to analyse business growth. Bill takes an experience-based approach to describe such growth. He felt that the case study firm was achieving growth based on the number of customers he was serving. Without looking at the growth indicators – such as cash flow, profit and turnover – Bill could tell the business performance from his experience. The notion of ‘feeling busier’ tells that the case study firm was performing better.

Natalie, on the other side, also thinks that the growth was achieved in the case study firm. She takes a demand-based approach to establish her claim of business growth. Natalie used ‘we need to tell them sorry’ phrase to mention the case study firm was becoming busy, and they were not able to supply the demand even after increasing the number of vehicles and drivers. She shows her confidence by asking a question ‘doesn’t it tell something about our growth?’ She has witnessed the changes in the case study firm. Natalie was right in the context of the case study firm – customers demand increased,
physical and human resources were increased, and still, the firm could not fulfil
the customers' demand. That means the firm had more customers. It is
interesting to explore employees who realise the growth of their business
without looking at the quantitative information like the number of customers and
sales turnover. Such claims reveal that the performance is a perceived growth
which may be defined individually. This concept is also discussed in the work of
Jarvis et al. (2000).

In contrast to Bill and Natalie, Chris uses a multi-variable approach to analyse
the growth of his business. According to him, the businesses were performing
better every year in sales, profit, customers and resources. However, such
growth was experienced in varying degrees. Chris was aware of the business
performance in both objective and subjective terms. Therefore, he mentions
physical assets, uses financial terms and expresses a feeling of growth in a
conversation.

Employee performance – the owner-manager and the employees of the case
study firm claim that the case study firm was achieving growth in the recession.
To measure the employee-performance, employee-efficiency was calculated.
The number of jobs done in a given time was calculated by counting the
number of jobs done in that time. Looking at the employee efficiency record, we
found that their claim was valid. Employee-performance was increased during
the recession of 2008-09. To calculate the employee performance, the total jobs
per month were divided by the number of employees in the corresponding
month. Then, the results were compared on the month-on-month and the year-
on-year basis.

Employee-efficiency record was used to audit employee performance and their
development. By keeping the efficiency record, the owner-manager and senior
staff used to plan for the further development of their employees. An employee
efficiency measuring system was put in place since 2008. To examine the
relationship between the employee efficiency and the business performance,
interviews with senior staff were conducted. Based on the information given by
the senior staff, it is confirmed that the case study firm achieved employee-
performance during the recession. Such improved employee performance helped to achieve business performance.

To explore the employee performance, an informal interview was conducted with Jack\textsuperscript{D}. According to him, the case study firm was achieving employee performance, and the business performance was achieved from the increased employee efficiency.

\textbf{Researcher}: How do you describe the growth in this business?

\textbf{Jack}: Business is doing very well, and it is very strong. The turnover is gone from £15-20k to £40k a month. We get disappointed if we don’t hit £40k now. In the time frame, I am in, we have doubled the annual turnover. We also had to extend the workspace because we needed more working space. That was purely down to the volume of work we were completing. We have only two more technicians than we started with. We are more efficient, and our performance is improved… The number of customers, when I joined in, increased from one thousand a year to just under four thousand now. There is a huge increase in the customers coming in. We are doing better every day.

The garage was achieving growth throughout the operation. Even though the quantitative growth indicators show that the case study firm was achieving performance in the long term, the discussion with employees reveals that the growth was gained in both short and long terms. Such growth was achieved in two variables – sales turnover and the number of customers. Jack recalls the business performance – the growth in the annual turnover was achieved more than one hundred per cent and the number of customers were increased by four hundred per cent. The interesting part of the interview is four hundred per cent increased customers were serviced only by 25 per cent of increased employees. It is important to reiterate here that the growth in the number of employees was increased only by two whereas the customers were increased by more than three thousand. However, such growth was achieved in the post recessionary period.

\textbf{Employee development} – particularly in the service industries where the employees play a vital role to deliver the services, the development of human resources is accepted as a growth of the business. In this sense, the case study
firm achieved business performance. The employee development was aligned with business-process which included recruitment/selection, performance management and retention. The case study firm employs expert advice and support to recruit and select employees. The owner-manager makes employees fit for delivering the services to the customers. For this purpose, he gets the employees who are willing to learn. A telephone conversation between Chris and Sarah (human resource advisor) is an example of how the case study firm recruits people.

*Chris:* I am looking for another mechanic like Stuart – you recommended last time. I need one in a month time.

*Sarah:* Pleased to hear that Stuart is doing good. Is there anything, in particular, you after?

*Chris:* Yes, as always, willing to learn.

The owner-manager claims that the strategic choice of developing employees makes the firm ready to work in the future when new technologies take place. Therefore, the owner-manager puts ‘willing to learn’ as the main criteria while recruiting people. The notion of saying ‘willing to learn’ also shows a strong commitment to providing learning opportunities for the employees. The strategy of recruiting and selecting employees, who are willing to learn, and developing them and retaining them for the future, perfectly, fits in the case study firm. This is one of the reasons why the employee-turnover is only two per cent which is lower than average (12 per cent) employee turnover in the transport sector in England (Local Government Association, 2014).

Once the employees are recruited, the case study firm develops them by providing training based on the job role they are assigned. The firm uses an organic performance management system which includes multiple activities such as encouraging, learning, evaluating progress and rewarding. To encourage employees to learn, the owner-manager organises short courses and staff meetings. Similarly, to help employee learning, the firm provides in-house or away training programmes. Senior employees carry out performance meetings with junior or new employees whenever they require. The employees, who update their skills and knowledge, get a promotion to a higher position or get a higher pay.
To explore the employee development practices, employee data were collected and analysed. Employee data included the number of hours they worked, the training they attended, and the development they had. Out of 68 employees, 50 employees were found working as self-employed drivers, and 18 employees were working in Sharon Taxi and Anthony Garage. The employment structure of the case study firm is very important to understand. It is because this type of structure is not common in the SMEs. For example, five employees work for Anthony Garage, nine employees for Sharon Taxi, and the remaining four employees work for both garage and taxi firm. In summary, there are four types of employees – self-employed drivers, garage staff, taxi firm staff and staff working for both firms. No matter, whichever firm the employees work for and whatever role they have, the owner-manager wants them to develop their skills and knowledge. The owner-manager invests in employees to make them ready for the changes that may require in the future.

Table 8 shows the types of training programmes offered to the employees and training programmes attended by the employees.

<table>
<thead>
<tr>
<th>Skills</th>
<th>No of employees</th>
<th>Percentage</th>
<th>Associated firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td>13</td>
<td>72%</td>
<td>Taxi and Garage</td>
</tr>
<tr>
<td>Reciprocal training</td>
<td>12</td>
<td>67%</td>
<td>Taxi and Garage</td>
</tr>
<tr>
<td>NVQ – Level-3 or 4</td>
<td>8</td>
<td>44%</td>
<td>Taxi and Garage</td>
</tr>
<tr>
<td>Reception</td>
<td>4</td>
<td>22%</td>
<td>Taxi and Garage</td>
</tr>
<tr>
<td>Servicing</td>
<td>5</td>
<td>28%</td>
<td>Garage</td>
</tr>
<tr>
<td>Tyre &amp; treading</td>
<td>5</td>
<td>28%</td>
<td>Garage</td>
</tr>
<tr>
<td>MoT</td>
<td>4</td>
<td>22%</td>
<td>Garage</td>
</tr>
<tr>
<td>F/Gas</td>
<td>3</td>
<td>17%</td>
<td>Garage</td>
</tr>
<tr>
<td>Welding</td>
<td>3</td>
<td>17%</td>
<td>Garage</td>
</tr>
<tr>
<td>ATA</td>
<td>2</td>
<td>11%</td>
<td>Garage</td>
</tr>
<tr>
<td>Diagnosis</td>
<td>2</td>
<td>11%</td>
<td>Garage</td>
</tr>
<tr>
<td>Taxi driving</td>
<td>4</td>
<td>22%</td>
<td>Taxi</td>
</tr>
<tr>
<td>AutoCAB</td>
<td>4</td>
<td>22%</td>
<td>Taxi</td>
</tr>
</tbody>
</table>

Note: MoT= Ministry of Transport, NVQ= National Vocational Qualification
ATA= Automotive Technician Accreditation, F/Gas= Fluorinated Gas
The case study firm focuses on the customers, so it provides customer service training to the employees – especially those who deal with their customers directly. As a result of such efforts, 72 per cent employees attended customer service training. Similarly, the reciprocal training helped employees to understand the role and importance of other employees in the organisation. Out of 18 employees, 67 per cent employees participated in the reciprocal training. The case study firm also offers national vocational qualification (NVQ) courses which help employees to get recognised in a wider sense. Eight employees (44 per cent) attended such NVQ Level-3 and Level-4 courses. Other training programmes were very specific to the firm (garage or taxi), the nature of the work, and the role of the employees. Therefore, the number of participation seems less.

From the analysis of training offered to the employees, it is learned that the case study firm provided both hard-skill and soft-skill training programmes. Soft-skills helped employees to deal with customers which also played an important role in achieving business growth. Therefore, those training programmes were designed and delivered as required. Most of those training programmes were delivered internally except customer service training, which was delivered externally. Similarly, firm-specific hard skills, such as AutoCAB and welding, also played a vital role in providing quality work. Therefore, subject-experts delivered these types of training programmes.

Employee development is perceived as a means of business performance in the case study firm which is linked to the employee satisfaction. A discussion with a senior employee concluded that the employees were satisfied with the development they were having. It is important to notice that the value of employee development ultimately helped to achieve business performance. An explicit interview with Jack tells something about his growth and satisfaction in case study firm.

**Researcher:** Could you please tell me something about your growth since you started to work for this company?

**Jack:** I like to work in this organisation where I can see the future. The owner-manager provides opportunities to learn. I do online courses whenever I am free, and I need to do something new. The owner-
manager sent me for a training course last month. He looks after us, listens to us, and asks for the changes. When I came here, I did not have many skills. Now I have NVQ Level 4 qualifications and gained MoT and diagnostic skills and qualifications. I am developing marketing skills too – we go out for marketing, deliver leaflets, put signposts, put adverts on newspaper, advertise on Google and Twitter, and broadcast from local radios. We are developing all types of skills and knowledge that are required for a business every day.

Jack expresses his idea of working in the case study firm, as he is satisfied with his development and growth. The notion of ‘like to work’ is linked to his own development in the organisation. He is willing to learn and continues to gain the skills and knowledge. For example, Jack was not expecting to do any higher-level courses, but he got chance to participate a number of training programmes already. Coming back to the point of employee development, the case study firm helped to gain employee skills and knowledge. Then those skills were used to expand the services and to provide the quality of work. That is, employee-performance was linked to the business performance. Therefore, employees were accepted as the main strength of the case study firm in delivering the quality of work.

The quality of work – quality of work is interpreted from the analysis of feedback from multiple sources such as customers, employees, investors and suppliers which are also known as 360-degree feedback. However, this research used only customer experience to analyse the changing quality of work. Customer feedback of different years was compared, and the result was drawn. There was a gradual increase in the positive feedback every year. In 2007-08, there was 85 per cent positive feedback, which was increased by four per cent and reached 89 per cent in the financial year 2008-09. Following the trend, in the financial year 2009-10, the positive feedback reached to 92 per cent. Similar growth in positive feedback was achieved in the following years 2011-12, 2012-13 and 2013-14 by 94 per cent, 95 per cent and 96 per cent respectively.

The analysis of online customer feedback is important to see the business performance. It was identified that more than 95 per cent customers had given
positive feedback. Out of the total, more than 98 per cent customers would call again to get the services. Similarly, more than 99 per cent customers would recommend services to other customers. In addition to this, brief exploratory interviews with the customers justify the information obtained from the feedback. The customer interviews make it obvious that the customer feedback was the result of the multiple efforts put by the employees at work – such as customer care, after-sales service, employee behaviour, discussion of technical aspects, vehicle pick-up and drop-off services, availability of courtesy cars and reasonable prices.

From the analysis of qualitative variables – growth perception, employee performance, employee development, and quality of work – it becomes clear that the case study firm was achieving business growth throughout its operation including the recession of 2008-09. Based on the qualitative change in the case study firm, it is confirmed that the firm was achieving a continuous performance despite the financial turbulence. Even more interesting was to uncover how the growth was perceived and the business performance was measured.

4.4 Performance in the local and national context

It is compelling to see that the case study firm was growing while the national and local businesses were worsening due to the recession of 2008-09. To examine the business performance in the national context, annual turnover of the case study firm is compared to the national GDP (ONS, 2015). The comparison shows that the case study firm was gaining performance while the national GDP was severely dropping during the recession of 2008-09. Figure 6 shows the annual turnover of the case study firm from 2004-05 to 2013-14 and Figure 7 shows the national GDP of the UK in the same period.

There was a growth in the case study firm while the national GDP was fluctuating in the UK. That means, the case study firm was achieving growth since Chris took over the business in 2004. There was a steady growth during the pre-, during and post-recessionary periods. However, the national GDP
started falling since mid-2007 and continued to drop until early 2009. The
national economy was not recovered until early 2010.

Figure 6: Annual turnover of the case study firm

Source: Gyanwali (2015)

Figure 7: National GDP of the UK

Source: ONS (2015)
The comparison of national GDP and the annual turnover of the case study firm shows that the growth in the case study firm was unaffected by the recession. Based on this result, it can be emphasised that the growth of the individual business is dependent on the context of its own and its organisational efforts rather than national contexts like recessions in a broader perspective.

In addition to the national context, a report produced by an independent performance-rating organisation, Plimsoll, for the taxi businesses has rated the case study firm as ‘strong’ among the competitors in the study area. The report has also suggested that the case study firm could extend the business through the acquisition of similar businesses which are located within the study area (PLIMSOLL, 2014). These are self-explanatory evidence that tell about the performance of the case study firm during the recession of 2008-09.

The performance of the case study firm was remarkable in the recession of 2008-09 compared to the national economy and local businesses. So, where does the case study firm stand in terms of market-share? To investigate the position of the case study firm, next section discusses market-share performance.

4.5 Market-share performance

Another way of measuring business performance is comparing the market-share with other similar service providers. To analyse the market-share of the case study firm, market-share data were gathered by identifying the similar service providers, vehicles they own, and drivers they employ. These data were gathered from the owner-manager (including employees), local authorities, Yellow Pages, Google search engine, and the websites of corresponding businesses. To compare the market-share at any point on a particular day, taxis with passengers were counted in 2014 from multiple locations.

The information on the number of vehicles, the number of drivers, and the number of taxicabs passing through different locations are summarised in Table 9. Altogether 22 taxi firms were found to exist in the catchment area (see Table 10). However, only 11 of them, including the case study firm and five
independent taxi drivers, were providing taxi service at a time. Out of 100 taxis in the study area, the case study firm owned 38 taxis providing the employment for 55 drivers (out of 133 drivers). Moreover, out of 218 taxis counted on the road, 133 taxis belonged to the case study firm. This evidence reveals that the case study firm was the busiest and the most efficient taxi firm among the competitors in the study area.

Table 9: Market-share of taxi firms

<table>
<thead>
<tr>
<th>Taxi firms</th>
<th>No of vehicles</th>
<th>No of drivers</th>
<th>Taxi counts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case study firm</td>
<td>38</td>
<td>55</td>
<td>133</td>
</tr>
<tr>
<td>Competitor A</td>
<td>15</td>
<td>20</td>
<td>38</td>
</tr>
<tr>
<td>Competitor B</td>
<td>6</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Competitor C</td>
<td>7</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Competitor D</td>
<td>5</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Competitor E</td>
<td>5</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>24</td>
<td>24</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>133</strong></td>
<td><strong>218</strong></td>
</tr>
</tbody>
</table>

It is fascinating to explore that the case study firm occupies the largest market-share in the study area. Figure 8 presents such market-share distribution of the case study firm in terms of percentages of vehicles, drivers and taxi counts in the study area. The case study firm occupies the major market share with 38 per cent in vehicles, 41.4 per cent in drivers, and 61 per cent in the taxicabs. There is a remarkable gap of about 23 (38.0 - 15.0 = 23), 26 (41.4 - 15.0 = 26.4) and 44 (61.0 - 17.4 = 43.6) per cent between the case study firm and the Competitor-A in the number of vehicles, drivers and taxi counts respectively. The second major market-share of the number of vehicles and drivers taken by independent drivers (others) with 24 and 18 per cent of market-share respectively. In terms of taxi counts, Competitor-A takes second place with 17.4 per cent market-share after the case study firm. This remarkable gap of market-share reflects the significant contribution of the case study firm in the study area.
Not only in 2014, the market share of the case study firm was already strong in the preceding years. Such growth was recorded since the first taxi firm was acquired in 2004. The market-share in the years 2004 and 2005 was obtained mainly from the merger and acquisition of another taxi firm. The annual market share information, regarding the number of vehicles, was gathered from the interviews with owner-manager and employees which is shown in Figure 9.

In the year 2006, the case study firm had 45 per cent of the total share in the market which was increased by seven per cent contributing 52 per cent in 2007. Such growth was increased in the following years and reached 56 per cent by 2008. Even during the recessionary period, the share of the market was...
increased by two per cent, and total contribution was 58 per cent in 2009. In the years 2010, 2011, 2012 and 2013, the overall market share was increased to 59 per cent, 60 per cent, 60 per cent, and 61 per cent respectively. This analysis demonstrates that the case study firm was continuously performing by occupying major market-share in the study area.

By now, it is confirmed that the case study firm was achieving growth during the recession of 2008-09. Such performance was achieved in terms of both quantity and quality. However, it was still unclear until the customer-drain effect was examined which is discussed in the following section.

4.6 Analysing customer-drain effect

As mentioned earlier, it is important to find out whether the growth was the result organisational efforts. The customer-drain effect was examined in three steps. In the first step, the catchment area of the case study firm was delimited. Then, in the second step, any changes in similar service providers, alternative service providers and changes in the population were identified. Finally, the impacts of such changes were evaluated. As discussed by Van de Ven and Poole (1995) – investigations were made to find out whether there were any changes in the number of similar taxi firms and their services in the case study firm.

Catchment area – to analyse the customer-drain effect, it was essential to identify the catchment area. However, identifying the catchment area is not straightforward, as it is affected by geo-human factors rather than just geographical distance. Moreover, the catchment area of business like taxis and garages are not only limited by the geographical distance, but also affected by other factors such as physical obstacles, personal contact, quality and reliability of services, prices and promotional activities, customer care, and after-sales service, of course.

Despite these complications, the catchment area of the case study firm was determined based on the customers’ flow from specific address or postcode.
The area was mapped based on multiple visits of the customers – single client visiting more than once from the postcode or more than one customer from the postcode area. From the frequency of customer visits, the catchment area of the garage was confined for five miles of road distance.

Similarly, for the taxi firm, catchment area was confined based on the passenger ‘pick-up’ points. Customer ‘drop-off’ point was not considered to demark the catchment area, as there were discrepancies on the actual drop-off place and the address recorded in the office while booking taxi services. Based on passenger ‘pick up’ point, the catchment area of the taxi firm was also confined for five miles of road networks.

**Similar service providers** – changes in the similar service providers within the catchment area is vital to analyse the customer-drain effect, as they are the major players in determining such effect. In an ideal situation, a business gets the benefits of closure or shutdown of similar service providers within the catchment area. This includes the reduction in the number of products/services. Similarly, any positive change in one organisation – increase in the number of similar services and products – may damage the business in other organisations. For instance, if a taxi firm increases the number of taxicabs it may take the customers of taxi firms in the catchment area.

To analyse such changes, similar service providers within the catchment area and their distances from the case study firm are presented in Table 10. The distance is measured based on the road networks with the corresponding number of firms within that distance. The total percentage represents the cumulative service providers within the corresponding distance. The change column shows incoming (new establishment or incorporation “+”) and outgoing (shutdown, closer or moving away “-”) of similar service providers within the corresponding distance.

As shown in Table 10, there were ten taxi firms within one mile of Sharon Taxi firm that accounted for 45 per cent of total taxi businesses in the study area. There was a decreasing pattern in the number of taxi firms as the catchment
area was increasing. Within two miles of the catchment area, there were additional six taxi firms (in total 16 taxi firms) accumulating 72 per cent of total taxi firms. This trend was followed by additional three taxi firms (in total 19 taxi firms that contributed 86 per cent) within three miles. Within four miles, there were two additional taxi firms (making the total of 21 taxi firms) that contributed 95 per cent of total taxi firms. Finally, there was one more taxi firm in five miles of catchment area making it total of 22 taxi businesses. Such decreasing pattern reveals that most of the taxi firms were concentrated around the case study firm.

Like the taxi firms, location and the business establishment patterns were investigated for the garage business too. However, the pattern of the establishment was not similar. Out of 30 garages in the catchment area, 17 (56 per cent) garages were located within one mile of Anthony Garage. Within two miles, there was one additional service garage making it 60 per cent (18 garages) of total garages. That was followed by five garages (23 garages contributing 76 per cent in total) within three miles. Then, three garages (26 garages accounting 86 per cent in total) were located within four miles of the case study firm. Finally, there were four garages (making it total of 30 garages) in the catchment area. This inconsistent pattern simply reveals that the garage services are scattered in the study area – there could be garage hubs outside the catchment area.

<table>
<thead>
<tr>
<th>Distance from case study firm</th>
<th>Taxi firms</th>
<th>Service garages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Total%</td>
</tr>
<tr>
<td>0.1 – 1 m</td>
<td>10</td>
<td>45%</td>
</tr>
<tr>
<td>1.1 – 2 m</td>
<td>6</td>
<td>72%</td>
</tr>
<tr>
<td>2.1 – 3 m</td>
<td>3</td>
<td>86%</td>
</tr>
<tr>
<td>3.1 – 4 m</td>
<td>2</td>
<td>95%</td>
</tr>
<tr>
<td>4.1 – 5 m</td>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: *= year 2010, != year 2011
The location of Anthony Garage is expected to be an ideal, as it has access to both forward (delivery of the services and the location of customers) and backward (suppliers) linkage. The firm is located within two miles from the city centre and residential areas, so the customers could access the firm easily. Similarly, a car parts supplier, Euro Car Parts, is located within two minutes of driving distance. That is, the case study firm could get the delivery of vehicle parts in less than 20 minutes.

As shown in Table 10, the analysis of closure and establishment of similar businesses, and the examination of changes in similar businesses shows that there were only two variations in the study area. The changes were – one taxi firm was incorporated in 2010, and another taxi firm was dissolved in 2011. Apart from these two changes, there were no any internal or external changes in other taxi firms. The establishment and closure of those businesses did not affect the landscape of the taxi firm and garage business in the study area. Therefore, it is concluded that the case study firm did not get any benefit of customer-drain effect from the closure or shutdown of similar service providers.

Alternative service providers – the customer-drain effect is also greatly determined by the changes in alternative service providers. In the context of the case study firm, alternative service providers are local means of transport (including bus and trains), tyre fitting services and MoT centres. Policies like bus-pass for the elderly people or transport service for SEN students also affect the transport market. From the correspondence with the local authority and interview with the owner-manager, it was found that there were no changes which might have affected the taxi business. In the study area, bus routes were not altered; bus services were not withdrawn; there were no changes in bus-pass policies.

Change in population – it is well understood that any artificial change in population makes a crucial impact to the local enterprises. It may take away or give the business. In particular, any sudden positive change in the population gives additional service opportunities to the transport service providers, but any negative change in population takes away the business. Therefore, to
investigate the effect of artificial changes on immigration (also emigration), population data were analysed. From the analysis of the population demography in the study area, it is seen that there were no any artificial changes in the population which might have affected the case study firm. For further information on the demographic changes, see Northamptonshire County Council (2014).

From the analysis of similar service providers, alternative service providers and population demography within the catchment area of the case study firm, it is confirmed that the business growth was not the result of customer-drain effect. If so, what does it make the case study firm grow? The obvious answer is organisational efforts – management strategies and associated organisation-works. Thus, it is now critical to examine how management strategies and organisation-works were working together to achieve growth in the recession.

4.7 Connecting strategies and organisation-works
As manifested in the preceding discussion, the performance of the case study firm was the result of the organisational efforts. These efforts consist of management strategies, business processes and organisation-works. These seemingly independent growth-driving factors are connected by the business-process, and they work together in making the firm successful. Thus, it is of utmost importance to understand how the business process makes the business successful by connecting strategy formation and implementation processes. Figure 10 presents a three-step business process model and shows their connection sequence.
As shown in Figure 10, the business process in the case study firm is an on-going activity. This process has three stages – input, process and output. All the stages of this process are equally important, as they are dependent on each other. Having one or two stages right, the firm would not achieve performance – in the sense of profits, increased customers and employee development. For example, employees are efficient, and their products are suitable for the customers. However, if the services are not delivered to their customers, the firm could not get sufficient customers to run the business. Such situation applies in all the stages of business processes.

The business-process was operated in a cycle. Each stage was linked in a closed loop – it gains experience (skills and knowledge) from the previous stage, and helps to plan and implement next stage. For example, the ‘process’ stage catalyses the growth by utilising resources from the input and provides the output to the customers. These stages are also used to plan the business based on the existing resources and business-process. It also provides a
platform for service diversification, market extension and process improvement. It also helps to forecast the future customer demand and requirement of resources. Following sub-sections present the relationship between organisational efforts (business process) and business performance.

4.7.1 Input / Enablers
Input plays a fundamental role in making the business successful and can be considered as the start of the process. The study of human resources (skills and knowledge) and physical resources (used for providing services to the customers) in the case study firm reveals that the growth was associated with the business input. To achieve performance, the owner-manager focused on the input – invested in people, resources and technologies. The investment in people made the employees ready for the future work. Employees became competent and responsible for their work. The company provided learning opportunities to its employees that encouraged them to develop discretionary behaviour. This activity also helped the case study firm to engage and retain employees.

Similarly, investment in fixed assets such as machines and equipment helped to simplify the business process (work-in-progress) and made the process efficient – see Chapter Six. For example, the investment on AutoCAB helped to provide effective and efficient services to the customers. This resulted in growing the business in different forms like increasing fixed assets, gaining more annual turnover, and having more customers and profit. The investment and changes were not the big bang ones. In addition, small and bumpy changes were managed from the existing human resources.

Well, it is obvious that process and output are dependent on the input. The case study firm invested to enhance the input and also invested in the resources that strengthened the input. Providing learning opportunities to the employees, investing in people, installing modern and ergonomic accessories are some examples of input that the case study firm invested in resources. The aim of investing in people (input) was to make the resources work for the future. The owner-manager claimed that the success was dependent on the input which
made the process efficient and effective to deliver the services to the customers.

4.7.2 Business process

By improving the work-in-progress, the case study firm achieved business performance. The business-process was improved throughout the business operation, and so was the business performance. The firm discussed plausible improvements in the business-process with employees and subject-experts. Different processes were leaned towards the customers’ requirements. Therefore, customer feedbacks were also used to improve the process. In other words, the business-process was focused on what the customers want rather than what the core business products/services are – see Chapter Seven.

Discussions with the owner-manager and employees made it clear that the business-process was changed (simplified) to deliver the services to the customers effectively. Any disturbance or noise, in the process of delivering the services, was either simplified or changed completely. A conversation with a senior staff reveals such change in achieving business performance.

Researcher: Could you please tell me something about the business-process you use for making the business success?

Jack: We use a simple business process to deliver the services to our customers. We see it from the customers’ glasses. Anything, we think is not right, we change. We improve. We also think about the quality of the work – there shouldn’t be any compromise on it. We are changing the business-process all the time to make it accessible to the customers. There is no space to the employees who do not want to adapt the changes. We need efficient people. Slow workers block the ramp which is not good for the businesses.

Jack was clear about what he mentioned here. The case study firm changed the business process whenever the owner-manager and senior management were in quest of change. Jack used a term ‘change’ to mention the improvements in the process of delivering services or in the process of learning. Such changes were continuous, and they were implemented throughout the business operation. The senior management kept the customers at the centre, so the whole business-process (work-in-progress) could be aligned with their
focus on customers. Any obstructions were removed, and then people and system were improved where necessary. Slow working employees (e.g. ramp blockers) and unfocused work take the money and customers away. Therefore, as Jack claimed, the process needed to be efficient and effective to deliver quality services.

Employee efficiency was vital in making the business process efficient. From Jack’s phrase, ‘slow workers block the ramp’ tells something about his experience in dealing the people with a lack of efficiency. To investigate such issue, a question regarding the employee efficiency was asked.

**Jack:** Yes, we do face employee efficiency issues sometimes. We try to get people who are efficient and willing to learn. But that does not happen all the time and people with the attitude of ‘I know all’ join. They do not fit in this business, so they do not stay here long. It is a very highly pressured environment, and we do repair/service as many cars as we can. An ‘I know all’ bloke left because of his out-dated knowledge. We don’t have any room for ‘what I am doing I am not going to change’ attitudes. This is a dynamic organisation, so you need to make yourself ready for tomorrow’s changes.

Even though the case study firm had a policy of recruiting people who are willing to learn, getting people who are not willing to learn was not an unusual phenomenon. It employed a couple of people who were not seeking to update their skills and knowledge. Those types of employees were creating efficiency issues. In the work pressure, those employees could not stay for long. Jack believes that employees with learning attitude update their skills and knowledge that helps to achieve business performance. Taking a closer look at the businesses activities, this study finds two things that were going altogether – the firm was implementing changes, and vehicles with new technologies were coming up day by day. Therefore, coping changes and upgrading skills and knowledge were important for the employees. To cope with changes, employees needed to prepare themselves for the future alterations (both internal and external).

For example, Anthony Garage provides repairing services to all types of vehicles, so the employees should get prepared to repair the next vehicle on
the queue. Thus, employees need to have the technical know-how on the one side, and customer dealing techniques on the other side. In this sense, the case study firm works for tomorrow rather than for today. A forward-thinking business concept – running the business at present while aligning with future requirement – is very important to make the business successful.

4.7.3 Output / Results

Focusing on the output is equally important to achieve business performance. The business performance in the case study firm was also contributed from the improvements made on the business output. Finding out what customers want rather than what the business could offer to them is the main purpose of this stage. The output stage was the base for the input stage in the business-process cycle as shown in Figure 10. Assessing customer demand, creating service requirement, and offering additional services were some of the ways of refining business output. The output was the result of re-engineering of input and business processes. Therefore, anything learned at this stage was used to improve the business input and business process. The case study firm implemented two approaches in this stage – service diversification and market extension.

The output stage was the authentic source of knowledge to plan the business and to implement change at the input stage. The knowledge created in this stage was also important to keep the customers at the centre of the business and improve the business processes. The owner-manager claimed that the focus on the output was the only option to find out what customers want rather than what the case study firm has to offer them. From the analysis of customer feedback, it is revealed that the business performance was achieved from the improvements on the business output. It is obvious that the case study firm was focused on the results/customers, so the output was aligned with the customers’ requirements and their demands. Small improvements like sending MoT/service reminders had a huge impact on the business performance.

Coming back to the original question, whether the business-process catalysed the management strategies and organisation-works – yes, it did support to grow
the business by linking these two layers of growth-driving factors. The role of the business-process in the case study firm was vital to grow the case study firm. It is revealed that business performance was the result of management strategies and organisation-works implemented in three stages of the business process.

4.8 Conclusion

It is very interesting to explore that the case study firm was achieving business performance despite the financial adversity in 2008-09. To examine the growth of the case study firm, business performance was analysed from both quantitative and qualitative perspectives. The quantitative data showed the growth in terms of assets value, annual turnover, the number of customers and the number of employees. This growth was further confirmed by analysing the qualitative data. To analyse the data from the qualitative perspective, growth perception, employee performance, employee development and quality of work were examined. More interestingly, the firm was achieving higher annual turnover while the national economy (in terms of GDP) and local economy (in terms of competitors) were having difficulties. Such growth confirms that the financial turbulence of 2008-09 had no impact on the growth of the case study firm. Besides that, the analysis of market-share performance showed that the case study firm had a major market-share throughout its operation including the time of recession, and thereby confirmed the growth of the case study firm.

Yet, the most interesting finding is that the firm was achieving performance from the organisational efforts and not through the external changes. This result is derived from the analysis of customer-drain effect by looking at the changes in the similar service providers, alternative service providers, and population within the catchment area. Analysis of these data confirmed that the growth was achieved through the organisational efforts and not from the customer-drain effect.

A detailed examination of the organisational efforts (growth-driving factors) in the case study firm unfolded the organisational efforts in three layers. These
three layers are management strategies, business processes and organisation-works. Within the management strategies, three strategies – learning in the organisation, restructuring the organisation and customer-focus – were implemented. The business-process catalysed the management strategies, and the organisation-works in three different stages: input, process and output.

Three management strategies and associated organisation-works are the extracts of this chapter. Even though there was ambiguity in forming and implementing strategies, the firm was managing it in line to achieve business growth. These management strategies and the associated organisation-works made the case study firm grow throughout its operation and helped to achieve high growth particularly during the recession of 2008-09. Therefore, these strategies and the associated organisation-works are elaborated in the succeeding chapters. Chapter Five discusses learning in the organisation strategy and how it helped to achieve business performance. Similarly, Chapter Six presents the analysis of restructuring strategy and its impact on the business performance. This provides an important insight of how an SME uses restructuring strategy to achieve business growth even in the adverse economic situations. Finally, Chapter Seven looks at the customer-focus strategy and discusses how the case study firm recruited, engaged and retained customers to achieve business performance.
Notes

A  The owner-manager works in a very busy schedule, so organising formal meeting with him was time consuming. This is quite a common phenomenon in SMEs. To get his full attention in the discussion, this interview was organised in a nearby café.

B  Bill has the experience of more than 15 years working in taxi firms. His experience in this sector is valuable, as he has seen many ups and downs of taxi businesses in the study area.

C  Natalie worked for taxi businesses for more than ten years. She was a part-timer at the case study firm, and she was also working for another firm. Working in different firms was allowing her to understand the differences of culture, environment and business processes in different organizational settings.

D  A conversation with Jack, a senior staff, was conducted in the office room when he was free from the assigned work. The office room was quiet where he was not distracted so we had a disturbance free discussion.

E  This conversation took place in the vehicle when we were heading to Anthony Garage from Sharon Taxi. I could hear both sides of conversation as Chris was using an inbuilt out-sounded Bluetooth.

F  During the field observation, I saw that Jack and George were doing online courses few times. They were learning by watching videos and reading instruction manuals.
Chapter Five: Learning in the Organisation

5.1 Introduction

As presented in the 'analytical framework' in Chapter Two, the case study firm implemented three management strategies and associated organisation-works to achieve business performance. Those strategies were – learning in the organisation, restructuring the organisation and customer-focus. As a result of these strategies, the business obtained growth throughout its operation including the recession of 2008-09. This chapter examines how and why the 'learning in the organisation' strategy was implemented along with associated organisation-works. This strategy was playing a pivotal role in making the case study firm grow in the recession. Therefore, this chapter further evaluates the relationship between business performance and learning in the organisation strategy.

This chapter is divided into seven sections. Following the introduction, Section 5.2 discusses the reasons for employee learning that includes learning intention and motivating factors. Learning reasons are broadly divided into two types – individual and organisational. Then, learning approaches and methods are presented in Section 5.3. This research identified four learning approaches which played an important role in achieving employee and business performance. Learning is a process of gaining skills and generating knowledge in the case study firm. In the case study firm, the context-specific knowledge played a vital role to achieve performance. Learning in the case study firm was a process of gaining skills and generating knowledge. The learning process is presented in Section 5.4. Then, Section 5.5 analyses a relationship between employee learning and employee and business performance. Taking such relationship further, Section 5.6 discusses the purpose of implementing the 'learning in the organisation' strategy. Finally, Section 5.7 presents a concise summary and concludes this chapter.
5.2 Reasons for learning

In the case study firm, it was explored that employees were learning for different reasons. Learning reasons varied from person to person and situation to situation. So, it was vitally important to identify the reasons why people were learning, as their learning was associated with employee performance and business growth. Broadly speaking, organisations learn over the period of time for sustained existence (Kim, 1993). That is, employees and organisations must learn to survive and sustain, even though they may take a long time and their learning process could be either of active or passive.

In the context of the case study firm, employees were learning mainly because of individual and/or organisational reasons. Individual reasons included the desire to move up, intention to improve the performance, and compulsion to address the pressure (comprising peer pressure, family pressure and social pressure). Similarly, organisational reasons for learning were associated with the job-roles the employees were working on, or the jobs they will be doing in the future. In the following sub-sections, both learning reasons are discussed.

5.2.1 Individual learning reasons

Individual learning reasons were playing a fundamental role to encourage the employees for learning activities. For example, the owner-manager was learning to improve his communication skills while an employee was looking for higher wages from additional skills and knowledge. Moreover, people had multiple reasons for learning.

It was also interesting to observe the employees having the peer, family and social pressures to learn. Two main individual learning reasons were found in the case study firm. The first reason was associated with the desire to achieve a higher position in the organisation, whereas the second reason was associated with their wages. A conversation with Natalie made it clear that she was learning because of her intention to work in a higher position in the future.

Researcher: I understand that you have completed few courses as asked by your boss. Have you ever attended any course of your own choice?
**Natalie**: Yes, I have completed a few training programmes. They were important to provide better services to the customers. I am enrolled for a course and doing it now. But, I have nothing to do with the course that I am doing now. This course is good for the accounting job. When I complete it, I will be able to do extra work like driver pay-outs. That will be a great help to my boss. It will be an additional skill for my next job.

Natalie was working at the front desk dealing with customers. To deal with the customers in the changing context, the owner-manager recommended a number of training programmes to Natalie which she completed. Apart from the recommended courses, Natalie wanted to take an additional course which was not required for her existing job role. However, that additional course could help Natalie to support her boss by doing extra work and could be beneficial for her future career. Here, the notion of saying ‘a great help to my boss’ tells something about her willingness to become a ‘helping hand’ for her line manager. This is an example of how the employees grasped learning opportunities and learned voluntarily in the case study firm. Natalie’s example also shows her discretionary behaviour of learning, learning motivation, and intention to gain new skills and knowledge for her future career.

A conversation with Hailey, however, tells something about employee learning and pay-rise. Hailey was also one of the staff working at the front desk dealing with customers. Hailey was working hard to gain multiple skills and knowledge as she claimed in an interview.

**Researcher**: I saw you are learning a number of different things at the same time. Can you tell me why do you want to gain more skills and knowledge?

**Hailey**: I enjoy learning. If I learn, I will be more employable. There is high demand for people with the skills and knowledge I am gaining here. Context-specific skills will help to get more wages. I have few things to sort out financially. Do you know what I mean?

Hailey told two things clearly. She claimed that her learning was associated with skill development and becoming more employable. Becoming employable and gaining important skills and knowledge was linked to the pay-rise. Even so, she did not mention it directly. Hailey used phrases like ‘employable’, ‘high demand’, and ‘financial things to sort out’ to express intention of pay-rise. Hailey was
aware of her role and position. For her, gaining more skills and knowledge was for becoming more employable and getting more wages. Thus, her learning motivation was ultimately associated with financial rewards. This is another example of employees who learn for the purpose of pay-rise.

For the owner-manager, however, learning had different purposes. The ultimate goal of the owner-manager was to make the business successful. The owner-manager was interested to gain skills and knowledge to become competent in his field of work and become more effective in communication. Effective dissemination of information helped make his business successful. In the following conversation, the owner-manager tells about his learning reasons.

**Researcher:** Another day, you were learning electrical stuff. Could you please tell me what was your intention of gaining skills and knowledge in such stuff?

**Chris:** Yes, that’s right. I was learning with my staff. You need to understand how new technologies work. If you know them, then you can communicate effectively. Communicating skills are important for me because I work with different people and organisations. I meet different people. Updated skills and knowledge help me to understand other people and communicate with them effectively. This (communication) skill is very important for the business owners like me. By communicating effectively, you can disseminate information appropriately.

The owner-manager was motivated to update his skills and knowledge for two reasons. Firstly, he was eager to learn new technologies which may come in the future. Secondly, disseminating business information to the wider communities was important for him. If the right information was passed to the potential customers in an appropriate way (the way the customers like to hear), customers could come to get services. It was like a snowball effect – word of mouth helps to grow the number of customers.

The conversations with the owner-manager and employees make it evident that they value their learning. For whatever the reasons they learn, their learning activities fulfil their objectives. As a result, the employees are motivated to gain context-specific skills and knowledge.
5.2.2 Organisational Learning Reasons

Like the individual learning reasons, employees also learn because of the organisational reasons. In a conversation, the owner-manager claimed that he had three reasons to encourage his employees to learn. Firstly, if employees learn they become competent which makes the firm competent. Secondly, if employees learn, they use their skills and knowledge in the organisation. This ultimately helps to achieve business growth. Employees can resolve issues internally which also helps to develop internal expertise. Finally, if employees learn, they understand the core concept of the business which helps to run the business smoothly.

Because the owner-manager was keen to make his employees learn, he asked his employees to gain skills and knowledge specific to their job role. This intention of owner-manager was evidently affecting the employee learning activities. Employees were gaining the skills and knowledge required to accomplish their job-role. To enforce learning, employee-learning strategies were embedded into the organisational development and change process. To keep the organisation growing, the case study firm implemented learning in the organisation strategy, which demanded employees to learn new skills and knowledge. So, the employees could deliver services to the customers effectively and efficiently. The case study firm enforced the employee-learning strategy because the owner-manager saw a relationship between the improved employee-performance and the business performance. The firm implemented a strategy of encouraging employees to learn by introducing reward and punishment system.

A conversation with a senior manager tells about the requirement of employee learning in the organisation. In the case study firm, employee learning is a process. The process starts with the owner-manager who discusses with senior employees about their subordinates, their job performance and their learning requirements. The senior employees discuss job performance and further learning requirements with their subordinates (junior employees). Then, senior employees take the feedback to the owner-manager and plan for training programmes or recommend for courses. These kinds of conversations take
place every month during the staff meeting and also in the informal discussions. In the following interview extract, Jack tells something about such employee-learning process.

**Researcher:** Can you tell me something about what and how you recommend courses to your staff?

**Jack:** We do recommend training as a part of their performance evaluation (usually done every month). They are aware – what is expected. If there are many grey areas, we set training for them. We just build staff by investing in them. This is something forward thinking. Chris invests a lot to develop our staff. You need to gain skills continuously. If you don’t update your skills and knowledge for five years, you are way behind. You need to go forward.

In the performance review meetings, employees get feedback for learning requirement. Then, those employees attend training programmes to gain skills and knowledge they are recommended for. Again, employees get evaluated for the skills and knowledge they needed for their job-role. From the performance review, the senior managers identify any grey areas of their subordinates. In the above discussion, the notion of saying ‘grey areas’ was used to denote the lacking skills of the employees. Then, employees are recommended to attend training programmes or courses. To provide learning opportunities, the owner-manager tries to find internal learning activities such as job rotation, job instruction and supervised training. In the lack of internal options, the owner-manager sends employees away for the training courses. For example, one of the staff was out for the MoT Training during the time of this interview.

Furthermore, the case study firm invested in people to make them ready for the future customer demand or technological changes. In a conversation, Jack used a phrase ‘build staff’ which simply meant the development of employees. Learning in the case study firm was justified because of the short lifespan of the skills and knowledge in the service-oriented businesses. Vehicles with new technologies are coming up day-by-day which requires very up-to-date skills and knowledge.

It is very important to note here that the employee learning activity was not a voluntary option if they were recommended to upgrade their skills and
knowledge. Because the employees had to update their skills and knowledge regularly, there was no possibility for the employees to alter their training or courses which were recommended by their line-managers. Jack makes such claim in the following interview excerpt.

**Researcher:** As you said employees are asked to update their skills and knowledge. Can you tell me something about their reaction towards learning?

**Jack:** Some like to learn. And some don’t – they think they know everything about their work and don’t want to learn. We tell them ‘why they need to learn’. If they don’t learn, they will go. There is no room for them who don’t want to learn. Some understand the situation and go, and for some, we ask them to go. The problem is we are moving forward and anybody with the attitude of ‘I know, and I have been working for 15 years’ will not work. I have been doing this job for 18 years, and I am still learning. If you don’t want to learn, trust me, you are in the wrong job.

It was compulsory to update skills and knowledge in the garage. Due to the innovation and use of new technologies in the vehicles, employees should update skills and knowledge about new technologies used in the vehicles. Any ‘expert knowledge’ did not work for a long time in this type of business where new technologies were prone to come so often. That is, the case study firm should be able to repair vehicles with new technologies. If they could not repair one with new technology, they do not only lose the business but also go out of the business without delay.

However, the taxi firm was mainly affected by the social changes that included information and communication technology (ICT), people’s lifestyles and business delivery system. Whatever small changes there were, employees were required to upgrade their skills and knowledge to tackle such changes. Bill makes such claim in a conversation.

**Researcher:** Can you tell me something about what are the things you need to learn regularly?

**Bill:** Well, basically you need to learn the complaints handling process. People are changed, customers are changed, and their interests are changed. You will get different issues every day. Need to learn to deal the issues. So, we need to change our way of the customer service process and system. Some ideas you learn from experience day by day, but for some you need advice. We have both types of customers – some
are highly technological and find us on smartphones and websites. And some are classical – they still look at the Yellow Pages and call us.

There were very few regular customers of the taxi firm, and the business was mostly dependent on the one-off taxi users (passengers/customers). Bill experienced many changes in social settings and ICTs recently. Social changes were affecting an overall landscape of the taxi business. Because of the social and lifestyle changes, employees needed to learn new ways of dealing with customers. Even though the new customer operating/recording system, AutoCAB, was able to keep the records of their customers, dealing with the customer-complaints was a major issue in the case study firm. Employees were dealing with customer-issues from their experiential learning. However, experience alone was not sufficient enough to handle all the complaints they faced. Therefore, employees needed to attend customer service related training programmes regularly, which could help employees to provide better services to their customers and handle the complex situations. Handling customers was a great deal in the case study firm. Therefore, the case study firm implemented a customer-focus strategy to recruit, engage and retain customers – see Chapter Seven.

5.3 Ways of learning
Unlike other SMEs, the case study firm offered learning opportunities, organised training programmes and conducted meetings to support employees for learning. The employees in the case study firm learned mainly in two ways – active and passive. Active learning activities were formal and semi-formal in nature. Attending formal classes, going away for training courses, and managing employee performance were some of the active learning activities. On the other side, passive learning activities were dominated by informal and experiential learning activities which were gained while implementing existing skills and knowledge into practice.

In the case study firm, as shown in Table 11, there were three levels of employees and four types of learning activities. According to the job role of the employees, their learning activities and learning from those activities were
different. Similarly, their involvement in learning activities was also diverse. For example, all the employees learned from informal learning activities – the owner-manager learned by attending trade-organisation meetings, meeting like-minded people and participating local club activities. Whereas, senior employees learned by visiting fields, attending staff meetings and using online resources. Similarly, junior employees learned by observing and copying other's work and getting advice from their line-managers.

Like the learning reasons, employees were learning for different objectives and from different approaches. Senior employees were learning to widen their skills and knowledge. Their learning was future-oriented. The firm had plans for employee-learning activities – what courses they should do, and when they should go for the courses. For example, one senior employee was learning to rebuild vehicle-engine while another employee was getting prepared to run another branch. However, the junior employees were learning to resolve immediate issues. Their learning was ad hoc, and it was at the operational level.

As shown in Table 11, learning in the owner-manager level was taking place through the formal, informal and experiential learning. However, formal learning for the owner-manager was not a regular phenomenon. He did not join in any formal course after completing his MBA. The owner-manager was transforming his theoretical (academic) knowledge into practice, and practical knowledge into a revised concept. This way, the owner-manager was learning mostly from the informal and experiential learning activities.

In the senior management level, learning was taking place through all four forms of learning activities – formal, semi-formal, informal and experiential. However, senior employees mostly learned from formal, semi-formal and informal learning activities. They went away for training courses, participated in action learning tools, received co-worker feedback, reflected their performance, and used online resources. They also learned from experiential learning which helped them to shape their knowledge and understanding.
<table>
<thead>
<tr>
<th>Activities</th>
<th>Owner-manager</th>
<th>Senior employees</th>
<th>Junior employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td>• Higher Education</td>
<td>• Attend away-training and formal classes • Gain National Vocational Qualifications</td>
<td>-</td>
</tr>
<tr>
<td>Semi-formal</td>
<td>-</td>
<td>• Performance reviews • Regular meetings • Co-worker feedback • Action learning tools</td>
<td>• Supervised training • Line-manager feedback • Review meetings • Attend in-house training</td>
</tr>
<tr>
<td>Informal</td>
<td>• Attend trade organisation meetings • Meet like-minded people • Participate in local club activities</td>
<td>• Field visits • Group meetings • Learning online</td>
<td>• Observe others’ work • Copy others’ work • Ask for help</td>
</tr>
<tr>
<td>Experiential</td>
<td>• Experiencing and transforming</td>
<td>• Learning by doing</td>
<td>• Learning from mistakes and success</td>
</tr>
</tbody>
</table>

Similarly, junior employees were also learning from multiple approaches as shown in Table 11. However, their learning was mostly dominated by semi-formal and informal learning activities. As the part of semi-formal learning activities, junior employees got supervised training when they joined the company and at the beginning of each level of work. Junior employees were also learning by receiving the feedback from the line managers. Informal learning activities such as observing others' work, attending meetings and asking for help were playing an important role in their learning process. Apart from semi-formal and informal learning activities, junior employees had opportunities to attend in-house training programmes and experiential learning leeway. Experiential learning was helping them to reflect their performance.

By examining the learning process in the case study firm, it can be identified that learning activities were supported in both Sharon taxi and Anthony Garage. The owner-manager wanted his employees to learn and had created a learning
environment. The learning environment was highly influenced by the owner-manager, and the employees were learning what and how the owner-manager wanted them to learn.

5.3.1 Formal learning activities
Formal learning activities in the case study firm were taking place using a structured and planned approach. For example, employees attend formal classes and guided learning sessions. Unlike other SMEs (Ku, 2012), the case study firm encouraged employees to obtain skills and knowledge formally. Although the case study firm did not send employees to the college or higher education institutions to study, it provided opportunities to join the training centres for obtaining specific skills and knowledge to support their job role.

Formal learning was vital in the case study firm, as the senior employees were offered courses based on their existing and future job-role. However, it was open to all the employees if they wanted to do any courses in their spare time. In a discussion with the owner-manager, he claimed that more than 72 per cent of employees (excluding self-employed drivers) had gone through some sort of formal learning activities.

Following conversations are some examples of the courses that the employees had completed and the learning opportunities they had in the case study firm.

Researcher: Can you tell me something about the courses you have attended or completed during your employment in this firm?
Jack: When I started here, I had a Level-2 qualification, NVQ Level-2. And that was about it. Where I worked previously I’ve looked to go on to ATA courses, which are run by the Institute of Motor Industry, the IMI. When I started working here, in six months, I got MoT licence. I went for Diagnostics. I have got from Level-2 in a paper to a Level-3 diagnostic and MoT Tester. Then going forward, also done Hybrid Course for the hybrid cars – they are very dangerous if you don’t know what you are doing.

Researcher: Can you please tell me something about learning opportunities in this firm?
Bill: I am working here since I was a teenager. Here, I was asked to do training. I did NVQ Level-2 and Customer Service 5 years ago. I
participated in First Aid training couple of years ago. I have attended other training programmes in the office like learning to use the new AutoCAB operating system.

**Researcher:** Could you please tell me something about the training or courses you have attended since you joined this company?

**Natalie:** I have done First Aid and Customer Service training. They are very useful. I am doing Excel course and listed for AAT [Association of Accounting Technicians]. These training will help me to understand the accounting system in the business… another training I attended here was AutoCAB operating system.

Jack had only one qualification before he joined the case study firm. He updated skills and knowledge in the sector he was working by participating in formal learning activities. Because Jack was involved in both firms, he needed to have the skills and knowledge for both firms. He also needed to have an understanding of both the taxi firm and the service garage. Jack's learning pattern shows that he was attending the courses as soon as vehicles with new technologies were coming out.

However, this was not the case for all the employees. Different employees had a different experience of learning. Bill and Natalie had different stories about their learning. Bill was involved in the customer service activities, so he primarily attended Customer Service training. Along with the customer service training, he gained NVQ Level-2 qualification which is a nationally recognised qualification. Being a senior employee, he was also recommended to attend the First Aid training programme. Bill also learned to use new cab operating system, AutoCAB. These training courses were related to his job-role.

Natalie was also involved in the customer service work, so her training was similar to the ones with Bill. She completed two training courses related to her job – First Aid and Customer Service. Even though she had not done any NVQ level courses, she was doing Microsoft Excel and listed for AAT course. She claimed that those courses could help her to understand the accounting system and would allow her to work in the accounting sector.
Employees working for the SMEs need to learn faster, as they need to address immediate issues. Therefore, it is difficult for SMEs to cope with slow learners. The case study firm is also not far from this situation. To help employees learn fast, the owner-manager recommended employees to go away for the courses and gain skills and knowledge the case study firm needs. In a conversation, Chris claimed that fast-learning employees overtake the slow-learners. Formal learning activities make employees learn faster, and the owner-manager also encourages his employees to learn faster. He further claims the fast learners could secure their job and also help to grow the business. However, this argument does not work for the junior employees, as the owner-manager recommends formal learning activities only to the senior employees.

The owner-manager insisted that additional skills and knowledge help organisations grow – if employees learn, they use newly acquired skills and knowledge in the organisation where they work. This process helps employees to practice their new skills and knowledge, and make the organisation keep going and keep growing. For example, Jack was updating new skills and knowledge that was related to his work. New skills and knowledge were beneficial for both Jack and the firm. This example is an evidence of implementing formal learning approach in the case study firm and also the value of employee learning.

5.3.2 Semi-formal / informal learning activities
Like the formal learning activities, semi-formal learning activities were also practised in the case study firm. Activities such as co-worker feedback, evaluation meetings, performance feedback, and supervised training are some examples of semi-formal learning activities. These activities are employed in both formal and informal situations which were easier to implement and track the employee learning process.

Similarly, any ad hoc learning activities that helped to create tacit knowledge were regarded as informal learning activities. These types of learning activities were also playing a vital role to achieve employee performance. Group interactions, observations, face-to-face meetings, and asking for help are some
examples of informal learning activities that were taking place in the case study firm.

Surprisingly, the case study firm was developing individual and organisational networks for the sake of employee learning. A discussion with the owner-manager made it clear that the development of networks was about learning and understanding other people and developing the business relationships. Networking activities with like-minded people helped to gain context-specific skills and knowledge. By attending trade-organisation activities and network events, the employees were developing an understanding of similar businesses and their situations in the market. It is very interesting to learn how an SME owner-manager uses business networks to develop business relationships and achieve performance.

As discussed earlier, informal learning activities helped to address immediate issues; these activities were very effective in all levels of employees including the owner-manager. The senior employees were giving feedback to the junior employees on their performance. The junior employees were also provided sufficient time to improve their performance and adapt the changes. A discussion with George tells about the importance of semi-formal and informal learning activities in the case study firm.

**Researcher:** Can you tell me something about the meetings you do with your staff and what you talk in general?

**George:** We do talk about the performance most of the time. Myself, Jack and Chris sit down once a month and go through the performance of the staff – we do follow them up, supervise the work and make them learn fast. We want them to do the task we ask for. They don't know the specific targets, but they know they should be efficient as much as they can.

The discussion was about employee performance, as senior employees knew where to focus. However, the junior employees were not aware of the strategy, but they were aware of the need to improve their efficiency. The target of senior employees was to make their junior employees efficient. To make junior employees efficient, the case study firm provided semi-formal and informal learning opportunities. In some cases, senior employees enforced learning
activities to the junior employees. And in some situations, junior employees asked for help to learn new skills. That is, the learning was an interactive process between the senior and junior employees. The notion of saying ‘they should be efficient as much as they can’ tells something about becoming competent at work which was an important aspect of the learning process in the case study firm.

The senior employees were mostly involved in semi-formal and informal learning activities. Therefore, it was unclear which learning-activity was helping to create more skill and knowledge to the senior employees. Following excerpt of a discussion with Jack presents such uncertainty.

**Researcher:** I saw you doing online course the other day. Could you please tell me what other methods you use to learn?

**Jack:** I use both online and classroom-based training. I was away in December on three-days training course – Master Tech. It was basically a Level-4 qualification, and it was really an advanced diagnostic on modern cars. Say, sometimes it is away from the site, and other time it is on the site. It always varies. If you are not sure, you look at online and just get background information about it. But for the advanced skills, you need to go for the training.

As Jack mentioned, getting online information and going away for the training programmes were some methods of gaining skills and knowledge at the senior employee level. These learning methods were available to all the employees. However, the senior employees were the ones to use those methods intensively. Employees had access to the information through the Internet. As Jack said, he found the online information very useful. However, he preferred to attend interactive and practical sessions in person to gain skills and knowledge.

### 5.3.3 Experiential learning activities

Experiential learning was another important way of learning in the case study firm. Even though all the employees learn from experiential learning, the owner-manager’s learning has the highest impact on the case study firm. The owner-manager gains tacit knowledge from his experiences which he transforms into the business context and to other employees in his business.
Not only in his business, the owner-manager was getting involved in other organisations, where he learned to run non-profit-making organisations. Those skills were transformed into his business context before transferring to his employees. His multi-sourced experiential knowledge was playing a very important role in making the business success. Following discussion is an example of transforming experiential knowledge into the business context.

**Researcher:** Can you tell me something about what and how you gained skills and knowledge to make this business success?

**Chris:** It’s like cooking – I use learning as a cookery book – one kg of this and five kg of that – everything precise. When you use a cookery book for few times, you don’t need to use the cookery book again. You use your experience, one cup of this and one cup of that. You start making sense of what you were doing, and you consider the environment that comes from the experience.

**Researcher:** Can you tell me something more about it?

**Chris:** ….15 years ago, I was going to the conference and looking at things like balanced scorecard... I did MBA project on balanced scorecard, business excellence model – that type of things, you know. I learned about – how to implement the strategies successfully. That time was all about the research, all about the books, all about the reading from power points... Now, that is in the background; books are on the shelves; I have been trying to do things practically.

Even though the owner-manager uses all types of learning activities, he claimed that he gained most of the knowledge from experience. He mentioned ‘cookery book’ as an example to give the evidence of his experiential learning. Experiential knowledge of the owner-manager was very important for the case study firm, as Chris made sense of his experience. The notion of saying ‘consider the environment’ tells about the context they gain the experience from and the context they are in.

From further analysis of the interviews, it became clear that the knowledge gained through formal education helped him to shape his business idea. However, that theoretical knowledge was not sufficient to start the business, so he joined a bank to gain some experiential knowledge. He made sense of the theoretical knowledge in the context of the business. The theoretical knowledge
gained from the books, research papers and power points was not directly applied in his business.

However, he needed concrete and contextualised skills and knowledge to make his business success. Of course, formal knowledge was important for him, but how he contextualised his knowledge from the book to his business context was really fascinating. As he claimed, the transforming process had a high value in making the business grow even in the recessionary periods. A discussion with the owner-manager also made it clear that contextualising the theoretical knowledge was more important than gaining out-of-the-context practical knowledge.

*Researcher*: Can you give me any example of how you contextualise the knowledge?

*Chris*: About ten years ago, I worked for City Bank. I implemented the business excellence model in the banking operation to improve the quality of the service. You see enablers on one side of the page, and you see the results on the other side. Half of the time is spent focussing on the input and half of the time is spent on the output. This is, approximately, what I try to use in my businesses.

The owner-manager tells how he understood the Business Excellence Model (BEM) and how he was using in his business. As he claimed, he used BEM in a bank, and he was successful to obtain his objectives from this model. However, BEM was not implemented as it was. It went through a process. The model was deconstructed, the important parts were taken, and the modified model was reconstructed and contextualised to address the issues in his business. Therefore, the notion of saying 'input' in the context was to mention employees or enablers, who play the main role in the service-oriented businesses like the case study firm. Similarly, 'output' was representing the customers and the services of the case study firm. To make the business successful, the owner-manager claimed – organisations needed to focus on their input (enablers) and output (results).
5.4 Learning processes

As discussed in Chapter Four, there are two perspectives to look at the business performance in terms of employee learning. One way of seeing the business performance is the development of employees. Another way of seeing business growth is the impact of employee learning on the business growth. From both perspectives, the case study firm was achieving business performance.

Contextual skills and knowledge play an important role in making the business success (see Chapter Two). The contextual knowledge refers to the knowledge which fits in the organisation perfectly. Therefore, here contextual knowledge specifically refers to the knowledge that is directly applied to the organisation. In the case study firm, three major activities were generating contextual knowledge – knowledge creation, knowledge acquisition and knowledge transformation.

**Knowledge creation** – all the employees had access to the business information, and they were free to contact the owner-manager and discuss their learning ideas. Even though the employee-learning process was revolved around the owner-manager, individuals were gaining skills and creating knowledge of their choice. Junior employees mostly gained skills and created knowledge from informal learning activities. However, senior managers gained skills and created the knowledge from both formal and informal learning activities. Contrary to these, the owner-manager created most of the knowledge from experiential learning. As a combination of these all, most of the knowledge required for the business was created in the organisation.

**Knowledge acquisition** – even though knowledge acquisition was familiar in the case study firm, the owner-manager used this method as a last resort to obtain knowledge from external sources. If the skills and knowledge were not available internally, the owner-manager was responsible for gaining them from external sources. The owner-manager buys the business advice from different sources. For example, he bought people management advice from the human
resource advisor, financial advice from the accountants and bank managers, and insurance-related advice from insurance advisors.

Nevertheless, he was not confident in the advice he bought, as he was not very sure about the reliability of their advice. In a discussion, he said – *either the experts have very specific knowledge in the field, but they are not aware of the context of my business. Or, they are aware of the context of my business, but they don’t have working experience.* Those contradicting situations made him careful about taking in the advice as he received. Therefore, he first analysed the advice, then transformed it into his business context.

**Knowledge transformation** – the transformation of knowledge was important in the case study firm especially when the existing knowledge did not match the required knowledge to perform any specific task. The owner-manager claimed that many people fail not because they did not have the skills and knowledge, but because they could not contextualise their knowledge in their business context. As highlighted in Chapter Four, following conversation gives an insight of such a situation.

*Researcher:* Do you know any similar businesses in this area who are achieving growth?

*Chris:* No, there are not any in this area. The problem is – in all businesses – very often people who hold businesses are either finance people or mechanic. Some types of people run the business for a very short period. They provide very specialised services usually commodity type like tyres. Other types of people are the mechanics. They have technical skills but do not have business experience. They start the business and fail. You need to be good at finance, people skills, and technical skills.

Basically, what the owner-manager said was – people fail because of their inability in managing three vital skills of a business, i.e. financial skills, people managing skills and technical skill. People with technical skills did not have people and financial skills, so they failed. People with financial or technical skill lack the people management skills, so they also fail. The people who start the business should be able to understand their business and business-environment. If the owners are not in the business for a long time, they do not
understand the business-environment, Chris claims. The business environments are changing very fast. Those types of people who use their knowledge from book and literature are prone to be failed. The owner-manager further claimed that people, who start (run) a business using the knowledge from the books\(^C\) (literature), could not become successful. However, it is too far to consider these claims are valid.

In the case study firm, knowledge was transformed and skills were transferred through formal, semi-formal, informal process and experiential learning activities through performance feedback, staff meetings, action learning tools and observations. For the purpose of transforming and transferring skills and knowledge, the owner-manager uses a chain of command. Chris shares his knowledge and discusses with senior employees in the meetings. Then the senior employees discuss the output of the meeting with the junior employees. The senior employees used ‘action learning tools’ to transfer skills and knowledge, resolve technical problems, and address customer complaints. The owner-manager claimed that the communication process works properly and effectively, as the junior employees are able to understand our expectations.

In another conversation, the owner-manager claimed that he transferred information and contextualised them with his business. Following conversation is an example of such knowledge transformation process.

**Researcher:** Can you tell me something about what you learned from your previous employment?

**Chris:** ... the main thing I learned from City Bank was – you need to treat your customers how you would like to be treated. The business excellence model helped me to generate a modified version of customer care. In this model, there are two sides enablers and results. Approximately, what I am trying to use in my businesses is this shape – focusing on people.

Chris picked up the BEM to implement in his business. From the model, he only picked up two sides which he thought would be useful in the context of his business. He claimed ‘people’ aspect is vital to the service-oriented businesses like the garage and taxi firms. The notion of saying ‘focusing on people’ says something about his concept. Where to focus – people or process? He
assumed that people (employees and customers) make the businesses successful who stand at the two ends – input and output. The owner-manager used the phrase ‘people’ to refer both the employees as enablers (input) and the customers as results (output). The business was focused on the employees and customers – where the employees provided standard and quality services to fulfil the customers’ demand. In his model, the customers are put in the centre of the business.

In contrast to the common perception that SMEs face multiple barriers to make their employees create and value new skills and knowledge (Stone, 2010), above discussion indicated that the case study firm was keen to create new knowledge and learn new skills and knowledge. If the knowledge was not created (available) internally, they bought new knowledge and transformed into their business context.

5.5 Learning and business performance
As discussed in Chapter Four, employee learning is closely associated with employee and business performance. Employee learning, in the case study firm, was about gaining skills and knowledge; the owner-manager gained skills and knowledge through experiential learning or buying from external sources. Similarly, for the senior employees, skills and knowledge were transferred from the owner-manager and skills transferring organisations like the training institutions. Unlike the owner-manager and senior employees, junior employees gained skills and knowledge from the senior employees and co-workers. In such a way, different employees were gaining skills and knowledge from different sources. However, the major concern of employee learning was whether the employees were using their new skills and knowledge to improve employee performance (development) and to obtain the business growth.

This research found a positive association between the employee learning and business performance in the case study firm as pointed by Mamaqi (2015). The employees were developing their skills and knowledge and were using new skills and knowledge to improve their performance. The improved employee
performance ultimately contributed to the business growth of the case study firm. A conversation with George tells something about such positive relation.

_Researcher:_ Can you tell me something about learning and individual performance?

_George_: Here, I have got chances to learn. Chris is good at teaching new skills. Of course, he doesn’t know most of the things about my field. But he tells how I can do the things better. When you are new, you don’t know much. But when you learn to deal with the issues and problems, you improve your performance.

George was using his skills in the business. He liked the teaching methods and styles of the owner-manager. From the encouragement he received at his work, he was becoming more confident. The conversation emphasised the correlation between employee learning and employee performance. In the case study firm, senior employees were improving the skills, and they were using their new skills to achieve business growth. That is, in the context of the case study firm, employee performance is another way of saying the business performance.

Not only George mentioned about learning and employee performance, but Jack was also confident about the relationship between individual learning and business performance. However, such relationship was sometimes very direct, and sometimes there was only a knock-on effect.

_Researcher:_ Earlier, you mentioned that you had completed a few courses after joining this company. Have you found any relationship between learning and performance?

_Jack:_ The business is doing better – more customers and more turnovers from the same number of staff. That is to say – the staff improved their performance through learning, and that improved individual-performance helped to achieve business performance.

Jack completed quite a few training programmes. He found a strong relationship between individual learning and business performance. His confidence in mentioning the business performance and backing up with an example convinces that the business performance was dependent on the employee learning and improved employee performance.
Of course, above discussions reflect the association between employee learning and business performance. Going further, an interview with Eric tells something about what the management team wanted to get out of the employees.

**Researcher:** I understand, you have recently started and have administrative responsibilities. Can you please tell me how often you meet with Chris and what do you talk about?

**Eric:** ...we meet now and then, but we have formal meetings every fortnight. Chris has things to say, what is going on, what needs to be changed. Laura brings up people's issues; I bring up financial matters. We talk about the business and employee performance – who needs what and how staff can improve their performance… Of course, we talk about business performance.

Like Jack, Eric mentioned a lot about company’s decision-making process. Discussions on business performance lead to the employee performance and employee learning. After the meeting, Laura and Eric contact the employees who need to improve their performance. As discussed earlier, the senior management put the employees on the learning programme. If the employee needs external skills and support, the owner-manager gets involved in it. The owner-manager contacts HR advisor who then takes the case further and resolves it.

**Researcher:** Can you tell me something about what you learned in this company and the impact of your learning in this business?

**Bill:** I started as a controller long ago. Anything I can do now is because I have learned here. If I gain skills, I will be using in the business. If you are efficient, you can do more. And fewer people can do the same amount of work. So, it is good for the business. But just becoming efficient, you won’t get more customers. For more customers, you need to provide quality service which includes time, money and the overall customer experience.

Learning was associated with employee efficiency. The improved employee efficiency was expected to improve business performance. As a result, fewer people could provide the same amount of service. This efficiency gaining process helped to cut down the expenses, i.e. improved business performance brought increased profit. Bill raised a very interesting point about the number of customers. According to him, the numbers of customers were dependent on the
overall service they receive. Employee efficiency alone doesn’t help to get more customers. Of course, the improved efficiency helped to improve the business process and the profit was increased. However, there was no direct impact on the number of customers. Employees in the case study firm were learning, and their learning was helping to improve individual performance. This process ultimately helped to achieve the business performance.

SMEs do not usually invest in people due to their limited resources (Kraus et al., 2007) but the owner-manager was investing in people and created a learning culture in the organisation. He analysed a foreseeable future and planned to tackle possible issues by encouraging employees and preparing them for the future changes. In a conversation, Chris said about planning and developing people were helpful tools to meet the long-term business targets.

**Researcher:** Can you tell me something about the business performance, how you achieve it?

**Chris:** People need to learn wherever they work and whatever they do. Some learn fast and some slow. Some are motivated internally, and some need external motivation. Make plans based on two-three-four years ahead and give time to adapt the changes. They may take time, but they learn. They become ready by the time I need their skills and knowledge. They need to use experiences from outside our business too.

The owner-manager helped employees, who were struggling to meet their targets, by simplifying their targets and providing sufficient time to learn and adapt the changes. The owner-manager was in favour of employee learning, as he emphasised employee learning is essential to gain the growth of the business. Therefore, for the owner-manager, learning was about assessing future perspectives, planning for the development of business and providing adequate time for employees to adapt the changes.

Above discussion addressed a very interesting phenomenon of employee learning and its relationship with individual and business performance. The employee learning in the case study firm played a critical role to achieve employee performance and subsequently business performance. Learning strategy was helping people to adapt the changes in three-four years in
advance. As Gibb and Scott (1985) argue – owner-manager's strategic awareness, ability in forecasting, planning and implementing the changes, and letting employees adopt such changes were ultimately helping to obtain the business performance in the case study firm.

5.6 In search of business growth

Literature regarding SME learning shows that learning activities are not common in the SMEs – see Chapter Two. Broadly speaking, SMEs face three challenges in relation to the employee learning and business performance. Firstly, the SME owner-managers have multiple responsibilities and they have a tight schedule. As a result, they cannot spare time for learning activities. Secondly, SMEs run in a limited physical and human resources. Therefore, finding their replacement is always complex and challenging. Thirdly, SMEs operate in a personalised way, so they do not see the value of new skills and knowledge. They find a very little room or no room to improve their business process – see Kraus et al. (2007); Stone (2010). Consequently, SMEs do not get involved in learning activities. However, the case study firm implemented employee-learning strategy and achieved business performance through improved employee performance.

Learning in the case study firm was embedded within the business objectives. The owner-manager provided learning opportunities to his employees, provided learning resources, created a learning culture and encouraged employees to learn. In a conversation, the owner-manager claimed that learning activities add three values to the employees – skills, knowledge and attitude. Skills are essential to operating the business. Business needs both hard and soft skills including communication, business operation, interpersonal relation and technical skills. Knowledge plays a vital role in making employees aware of the services/products, organisations they are working for, and existing environment. Finally, attitude towards the work helps to understand employees' value in the business environment.
Regardless of the time, the owner-manager claimed that all the employees are able to learn and employee learning helps to achieve business growth. That is, employees who do not learn are not good for the business. As mentioned earlier, employee-learning approaches were embedded with business objectives, and learning was mandatory. The owner-manager was very clear about his strategy, and he has shared this message across the employees in both firms. In a conversation, a long-serving employee replicated the concept of the owner-manager saying, ‘…we don’t have any room for them [who are not willing to learn]’.

The owner-manager’s strategy of making employee efficient was realistic, as he knew business performance could be achieved through efficient employees. The following discussion with Jack is an example of business performance which was associated with employee learning.

**Researcher:** Can you tell me something about employee performance and business performance?

**Jack:** In the time frame I am in, we doubled our turnover. We also had to extend the workshop because we needed more capacity. That was purely down to the volume of work coming in. We have only two more technicians than when we started. We were four, and now we are six of us, but if we look at the number of customers – we used to have 1k a year to nearly 4k now. We are more efficient – if people are not efficient, we try every possible thing to improve their performance.

From the above conversation, it becomes obvious that the employee efficiency was increased as a result of learning that was taking place in the case study firm. The impact of learning was interesting – the turnover was doubled, and customers were increased more than four hundred per cent, but that increase was served by adding only 33 per cent employees. Of course, the annual turnover was dependent on the volume of customers, sales price, and the number of transactions rather than on the employee efficiency. Thus, the question here is not – how that increased efficiency helped to get additional customers, but the question here is – how those six employees served four thousand customers. The answer is straightforward – improved employee efficiency!
5.7 Conclusion

Based on the above findings, it is concluded that the case study firm was achieving business performance through the implementation of learning in the organisation strategy. Unlike in other SMEs, the owner-manager created a learning environment in the case study firm by embedding employee learning into the business objectives, encouraging employees, providing learning resources and valuing new skills and knowledge. As a result of the owner-manager's excessive involvement and contribution, the employee learning process was revolved around the owner-manager, and the employees were learning what the owner-manager wanted them to learn. The learning activities helped employees to enhance their performance which eventually contributed to the business growth.

Even being an SME, the case study firm used multiple learning activities – formal, semi-formal, informal and experiential – to improve employee performance and to achieve business growth. Using these methods and approaches, the firm was creating, buying and transforming the skills and knowledge to contextualise into the business setting. These learning approaches were triggered by individual and organisational learning reasons. The most noteworthy part of the learning process was the capability of the owner-manager to transform his experience and knowledge into the business context. Therefore, the success of learning strategy was highly determined by the owner-manager’s capability of knowledge transformation, his strategic vision and planning for the long-term goals, employees’ intention and motivation to learn, and employee performance.

However, learning in the organisation was only one of the three strategies that helped the case study firm to grow in the recession of 2008-09. Restructuring the organisation and customer-focus strategy also contributed to the business growth. In the next chapter, restructuring the organisation strategy and associated organisation-works are assessed to examine their impact in achieving business performance.
Notes

A An employee was showing the owner-manager about how the electrical system works in the vehicles. Unfortunately, my recording device did not work and I could not record the conversation. Later, I noted down the conversation. So, the exact words they were using could be different.

B The interview took place in the owner-manager's house. We were talking about the reasons for business growth. In that meeting, the owner-manager described about Business Excellence Model. He also mentioned about his business operation model.

C In an interview, Chris mentioned about the business skills and knowledge created in the higher education institutions. According to him, the business environment is changing fast, but these institutions are slow in creating knowledge.

D George is one of the senior employees and was working in a busy schedule. Therefore, the conversation was very informal, as was doing some work while we did have conversation.

E Eric had multiple roles in the company. He was working for both firms and trying to understand the business.
Chapter Six: Restructuring the organisation

6.1 Introduction
This chapter examines a relationship between organisational change and business performance. As discussed in analytical framework (Chapter Two, Sub-Section – 2.5.1), the ‘restructuring the organisation’ strategy is one of the management strategies that made the case study firm grow in the recession of 2008-09. In the business performance literature, this strategy takes substantial position in relation to the large businesses and SMEs have given a little space (Mandi, 2013). However, the case study firm restructured the whole organisation and achieved growth intern of both employee and business performance. In this chapter, we examine how and why the case study firm implemented restructuring strategy and associated organisation-works. It further evaluates the contribution of this strategy to achieve business performance in the case study firm.

To do so, this chapter is divided into six sections. Following the introduction, Section 6.2 presents the contextual meaning of restructuring strategy, and it explores the meaning of ‘change’ from both the owner-manager and employee perspectives. The meaning plays a major role in implementing and adopting the changes. It is noticed that the implementation of restructuring strategy covers a wide area from small units to the whole organisation. These aspects are discussed in Section 6.3. Even though the case study firm implemented a holistic approach to restructure the organisation, the restructuring activities were implemented in different sections and resources in different periods. The case study firm used a three-step restructuring process which is discussed in Section 6.4. Then in Section 6.5, the relationship between the restructuring strategy and business performance is presented followed by the conclusion in Section 6.6.

6.2 Restructuring – meaning and need
Even though ‘restructuring the organisation’ is understood as a process of implementing changes in the organisation, it was perceived differently in the individual levels. These perspectives were playing a vital role in implementing
and adopting the changes. Therefore, it is important to identify the meaning of ‘restructuring the organisation’ in the context of the case study firm.

In the case study firm, the meaning of ‘restructuring the organisation’ is looked at from two different perspectives – owner-manager and employee. The owner-manager perspective was leaned towards the implementation of changes. Therefore, the meaning of ‘restructuring the organisation’ was about planning and implementing the changes. The owner-manager believes that the changes are ongoing processes. These processes make the business grow. As the owner-manager claimed, every firm with growth intention should restructure their organisation to make it ready for the changes they want to implement in the future. He further emphasised that the changes were necessary to make the business success. Organisations need to update their service/product delivery system; need to get information from external organisations; must develop employee and their performance; should establish business networks and relationship; must upgrade technologies in line with external changes. This list in many ways gives a sense of the requirement of change.

However, the employee perspective of the change was leaned towards the operation of the business. Therefore, the meaning of ‘restructuring the organisation’ was about adopting the changes. The organisational changes in the case study firm were directly affecting the employees in their job roles and working times. Moreover, in all the changes including small and large, the employees were forced to adjust their work with organisational changes. The changes in the job roles and working-time were the fundamental concerns of employees. Therefore, employee perspective of ‘restructuring the organisation’ is very close to their working experience.

Looking at both perspectives closely, restructuring the organisation seems to be a daily activity for the owner-manager. However, restructuring the organisation was about adapting changes for the employees. In fact, the meaning they reflected shows that the owner-managers and employees wanted to implement changes in the organisation.
It is very interesting to explore that there were two main reasons to implement changes in the case study firm – external and internal reasons. The external reasons were playing a vital role in restructuring the case study firm. The main reason for replacing old taxis and restructuring the organisational structure was because of the external changes in taxi licence regulation. The local authority enforced an age limit on the taxicab. This change forced the case study firm to replace their taxis with new ones. It is important to understand here that the external factors threaten the organisation’s survival and existence. Therefore, restructuring the organisation was essential to address the external changes.

Unlike the external reasons, the internal reasons to implement changes were voluntary ones. Internal restructuring processes were dependent on the owner-manager, human resources, physical resources and ability to tackle the changes. As mentioned earlier, the owner-manager was keen to have changes in his business. He wanted to grow his business. So, he assessed the employees’ efficiency, and his ability to invest in physical resources. Therefore, planning and implementing the changes became regular phenomena in the case study firm.

About the organisational changes, Bill tells a short history of the case study firm – how the firm implemented changes in different periods of time. The conversation also tells about both external and internal reasons to make changes in the organisation. Following interview extract is an example of how the changes were taking place.

**Researcher: I understand you witnessed the changes in this company. Can you tell me something more about it, please?**

**Bill:** There has been a big change in the company. Chris bought … [Sharon Taxi] firm first and he bought … [Anthony Taxi] firm. Then he set up … [Anthony Garage]. [Sharon Taxi] mainly used to do the hackney service and [Anthony Taxi] mainly used to do van hire. For a couple of years, he operated both [Sharon and Anthony Taxi] firms. Then he dropped [Anthony Taxi] firm. [Anthony Garage] was opened mainly for servicing and repairing the taxis of [Sharon and Anthony] taxi firms. Chris has put a lot into [Anthony Garage]. It's one business really. [Anthony Garage] has a very big
investment. That is the biggest change we had since he bought the [Sharon Taxi] firm.

When he took the business over, we had lots of staff, so he cut back-office-staff. He also changed all the taxis couple of times. He replaced the taxis because ... (local authority) put a restriction on the age of the taxi. The main change in the regulation was – the taxis could get the first licence when they are up to three-four years old, and they can run for ten years.

Bill mentioned that there were two sides of restructuring strategy – changes in the business and achieving business performance. On the one hand, Bill told a lot about the changes that were taking place in the case study firm. The notion of using phrases like 'a couple of years', 'dropped', 'set up', 'opened' and 'biggest change' makes it obvious that the company was going through the change process. It was noted that these changes were in different sizes, durations, shapes and aspects. The firm implemented the changes in both sizes small (like changing a unit) and large changes (like changing the whole organisation). Similarly, the duration of change was also varied – some were short and completed in a day, and some were taking longer than two years. The shapes, again, the changes were taking place in different shapes including expanding the business and consolidating the resources. Also, the changes were made in different aspects such as physical resources, human resources, business process, organisational structure and business networks.

On the other hand, Bill told about the business growth. As Bill mentioned, the case study firm was using both non-organic and organic approaches to achieve business performance – see Chapter Two. The owner-manager acquired a hackney taxi firm in 2004. Within a year, he bought another taxi firm which was providing vans for rent. After operating both firms from their existing premises, the second taxi firm was moved into the premises of the first taxi firm. In this way, the case study firm achieved growth using both organic and non-organic approaches.

The move of combining two taxi firms invited bigger changes in the case study firm. Those changes included terminating employees, developing employees, upgrading and installing AutoCAB operating system, buying vehicles and
equipment, and rebranding the business. Furthermore, the owner-manager established Anthony Garage to provide repairing-services to their own vehicles. The establishment of Anthony Garage was itself a significant change in the case study firm. This investment demanded further changes including sharing (consolidating) human resources, physical resources and re-engineering the organisational structure.

The owner-manager implemented the changes in the organisation. Those changes included acquisition, merger and establishment of the garage. Beyond these major changes, the firm was implementing other smaller changes. These smaller changes included downsizing and developing the employees, consolidating physical and human resources, and reducing the expenses. In other words, the case study firm implemented restructuring strategy in different areas and capacity. They implemented holistic change both in the taxi firm and garage.

6.3 Holistic restructuring approaches

Quite interestingly, the case study firm implemented holistic restructuring approach in both Sharon Taxi and Anthony Garage. The owner-manager firmly believed that the changes were necessary to achieve growth. Therefore, the case study firm restructured all the business aspects which were related to the employee and business performance.

In the following interview extract, the owner-manager has mentioned about the requirement of such changes.

**Researcher:** I understand that you are managing the change in the organisation. What part do you think you need to change most in the organisation?

**Chris:** Hmm... if you didn't adapt the changes, you are finished. You need to change yourself and whole of your organisation. If you do not restructure the whole organisation – one part will work and others will not. Then you will be out of the business shortly.

The owner-manager is straightforward in these matters. He expressed that – if the businesses are not restructured, they go out of the business fairly quickly.
As Chris mentioned, the changes were absolutely necessary to sustain and survive. The restructuring activities were implemented in different aspects and areas where the need was identified. The changes were also taking place at different times when the need for change was recognised. In the years between 2005 and 2007, the case study firm merged two taxi firms and downsized the employment. Later in the years 2007 and 2008, the firm bought new vehicles and provided training to improve employee performance. As discussed in Chapter Five, the training programmes were organised to improve the communication skills, interpersonal skills, customer service, and develop business relationships.

In the years 2008 and 2009, along with other strategies, the case study firm implemented ‘customer-focus’ strategy. The purpose of implementing the customer-focus strategy was to recruit, engage and retain customers – See Chapter Seven. Despite the lack of diversification flexibility in SMEs (Kraus et al., 2007), the case study firm diversified its services/products. The firm started providing additional services/products as per customer requirement rather than what the case study firm already had to offer. For example, the case study firm started picking up and dropping off the customers' vehicles, providing a courtesy car, and giving technical information about their vehicles.

A closer observation of the changes makes it apparent that the restructuring process was associated with employee development (including employee performance) and business performance. It was also noticed that those changes were implemented because of both external and internal reasons. And, importantly, those reasons were interlinked to each other. For example, the case study firm bought 25 vehicles in 2007 which generated a demand for additional drivers. That is, changing on the one part of the firm demanded the changes on the other parts of the organisation.

Especially in the taxi firm, there were two major changes – purchasing vehicles and downsizing employees. Along with these changes, there were other procedural changes that included making driver contracts, checking driver’s criminal records, checking driver’s licence, inspecting vehicles and tracking the
driver behaviours. In the implementation of these simple looking changes, employees perceived that the firm was becoming more professional. Bill expressed such belief in a conversation.

**Researcher:** Can you please tell me the changes you noticed in this company?

**Bill:** …now, we have a contract with drivers, we check CRB (criminal record bureau) and check driving licences. Driver contract was ridiculous before. …we feel like we are professional now.

On the one side, these procedural changes were making the firm look professional. On the other side, these business processes were helping to track the changes and dealing with drivers fairly. Checking CRB was also very important to provide safety to the customers and to assure quality service is delivered.

By examining the overall changes, it became clear that the changes were implemented in different sizes, durations, shapes and aspects. The owner-manager summarised that the restructuring was focused on four areas of the firm – people, premises, process and planning. These multiple changes could be divided into five types – changes in physical resources, human resources, business processes, organisational structure and business networks. These aspects are further discussed in the following sub-sections.

### 6.3.1 Physical resources

It is very important to note here that the case study firm restructured physical resources in both Sharon Taxi and Anthony Garage. They implemented the changes in different physical resources including premises, machinery equipment and vehicles. Even some of the changes were implemented in collaboration with both firms. Because the taxi firm and service garage are located within two miles (less than ten minutes of driving distance), the implementation of combined changes was possible. Two examples of combined changes are the consolidation of physical resources and the establishment of a gym.
As discussed in Chapter Four, the objective of implementing changes in physical resources was to achieve business performance. Therefore, all the physical changes were aligned with the main objective of the business, i.e. business performance. In a discussion, the owner-manager mentioned about the objective and the physical aspects they changed.

**Researcher**: Last time, we discussed the changes you were making in these businesses. Can you please tell me something more about the objectives and the aspects you changed?

**Chris**: Hmmm… you need to grow – so you need to change. We changed a lot. We installed a monitor in the reception area; computers are installed in the office. …we changed the CAB Operating system. Added some vehicles, courtesy cars… premises, service ramps… a new shed is under construction…

The case study firm implemented many physical changes. Some were large and easily noticeable, but some were small and even they were not noticed. There were many more changes than the owner-manager mentioned during the discussion. The major physical changes are described in the following paragraphs.

Firstly, to provide online learning opportunities, the case study firm set up computers with Internet connection. This activity helped employees to learn and gain new skills and knowledge.

Secondly, to minimise the errors and provide better services to the taxi customers, the case study firm replaced the old CAB operating system by a new AutoCAB operating system. The new operating system is better to record the customers, locate vehicles and allocate the driver for a specific job. The new operating system is easier to operate compared to the previous CAB operating system which used to create a lot of errors.

Thirdly, the case study firm installed two service ramps in the garage. These additional service-ramps could accommodate additional vehicle repairing services. To add the service ramps, it was necessary to build another work-shed. That was also another big change in the case study firm. Figure 11 shows one of each old and new service ramp.
Fourthly, the case study firm bought vehicles to use as taxicabs and for the courtesy cars. Additional taxicabs were bought to supplement the demand of taxi users in the study area, and courtesy cars were used to provide mobility to the garage customers while their cars were being repaired in the garage.

Fifthly, the case study firm installed a call monitoring system to inspect all the incoming phone calls. As shown in Figure 12, this monitor displays all the records of incoming phone calls, missed calls, responding time and calls transferred to the cordless devices. This system helped the owner-manager to track the employee performance in the sense of number of customer calls and responding time. The information generated by this monitor was useful to plan the number of employees.
Sixthly, considering the well-being of the employees, the case study firm set up a gym. The gym was established on the premise of Sharon Taxi. Because the taxi firm is open 24 hours, employees have flexibility in using the gym. Where, all the staff including drivers could use it.

Finally, the case study firm started providing technical information about customer’s vehicles. In the reception area, the firm displayed technical leaflets of different vehicles, a screen to see their vehicle under repair, free Wi-Fi access code. Figure 13 shows the technical information displayed in the reception area and MoT viewing screen. Other than technical stuff, the case study firm also offers drinks – water, tea or coffee – in the waiting/reception area.
Being a dynamic organisation, the case study firm was restructuring physical resources regularly. Some of the changes were implemented in a planned way whereas some were implemented without any long-term plan. By examining the changes in the physical resources, it is revealed that there were many physical changes in the firm. These changes in the physical resources provoked to have changes in the human resources.

### 6.3.2 Human resources

Along with restructuring physical resource, the case study firm also restructured the human resources in both taxi firm and service garage. A closer look at the changes in human resources, it is revealed that the changes were made in three areas – people managing system, the number of employees, and human resource consolidation – see Chapter Four. These areas were vital in restructuring the whole organisation.

In a discussion, Natalie mentioned about the changes of human resources that were implemented in the case study firm. She mentioned that there was a need for the change in people, as the previous people management system was not working properly. The following interview excerpt tells something about changes in people management system.

**Researcher:** Can you tell me the changes you have seen in the case study firm since you joined here?
**Natalie:** Lots! He got rid of lots of staff… They were managers. Basically, they were sitting and weren’t doing what they were supposed to do… Do you know what I mean? A lot organised now, and we have so many new procedures like cashiering, banking, driver sheet and staff meeting.

The case study firm changed the employee management procedure that included downsizing, recruiting, and retaining employees. Natalie spotted the downsizing of employment as a major change in the case study firm. The middle managers were trimmed because they were basically doing the administrative jobs. Along with the changes in people management system, the business system was also changed – see Sub-section 6.3.3. Moreover, the owner-manager introduced changes in human resources and business procedures including cashiering, driver time sheet and staff meetings.

The newly introduced people management system reformed both formal and informal approaches to managing human resources. Previously, the firm did not have any policies and procedures to manage the employees. To implement the changes, the firm employed a ‘semi-formal’ approach. This approach is accepted a very useful tool for the small businesses like the case study firm, as it can be modified (contextualised) in the business contexts. The approach has a mix of both formal and informal processes which were aligned in different stages of human resource management – recruitment and selection, performance evaluation, internal communication, and learning and development.

To recruit employees, the case study firm utilised an external support. The process was supported by a formal process which has three stages. In the first stage, external advisors provide a list of possible employees. In the second stage, recruiting team (the owner-manager and external experts) organises an interview with candidates. Finally, the recruitment team observes candidates' work and select.

Similarly, the case study firm employs a formal process to evaluate their employees and provide feedback. The process, again, has three steps. In the first step, line-managers meet their staff and evaluate their performance. Then,
in the second step, the line-managers (senior employee) report the outcomes of the meeting to the owner-manager. Finally, the owner-manager discusses possible solutions with the senior employee and plan for training courses. If they could not find any solution within the organisation, the owner-manager invites external an expert to sort out the issue\(^A\) – see discussion in Chapter Five.

From the above discussion, it has become obvious that the case study firm restructured its human resources. For this, the employees were divided into three groups – employees working for Sharon Taxi, employees working for Anthony Garage, and employees working for both firms (consolidated human resources). Beyond these categories, employees were put into two sub-groups – senior employees and junior employees. The employees, who were working for both firms, were the key players in making the business success. It was because these employees were using their multiple skills to fulfil various job demands in both firms. In this way, the consolidated human resources did not only help to reduce the expenses, but also helped to run the businesses smoothly.

### 6.3.3 Business process

The business process was playing a vital role in making the case study firm grow. The firm restructured the overall business process which included work-in-progress, business planning and implementing processes, decision-making processes, and pricing processes. It is important to find out how these changes were taking place in the case study firm.

The owner-manager changed the work-in-process, as the previous business process was not effective. The process was facing inward – it was focused inside the organisation, and it was concerned about the jobs coming in. The process was also not straightforward to get the things done. Moreover, the process was not utilising people’s full skill. The new work-in-progress process had faced towards their customers, so customer care was provided by giving door-to-door facility, e.g. picking up and dropping off customers' vehicle.
In a discussion, Jack claimed that the changes were essential in making the business leaning towards customers. That is, business should be active to get new customers, help them fix their problems with vehicles, and make them come again. Following interview excerpt tells something about both old and new business processes, and the requirement for change.

**Researcher:** Can you tell me something about how you have achieved such a high performance?

**Jack:** When I started working here, it was not very well organised. Fundamentally, we were three of us – one experienced mechanic, one apprentice and myself on front-desk booking the job. Just get three-four cars a day. We were actually waiting for the customers. We started MoT line and went out for the advertisement. Basically, we started inviting customers. These changes brought in extra work. We started sending MoT reminders. Something a lot of people may forget or do not realise, and may not be aware of the consequences. If the car has no MoT, it is not insured! As we get busier, I moved from front-desk to the workshop.

The business process was re-engineered. In the previous system, the firm was using a passive approach to getting the customers. Even the firm was not putting any effort to engage and retain customers. After restructuring this process, the firm started using an active approach to call the customers. The vehicle repairing process had become systematic. The firm provided a reciprocal training to the employees which motivated employees – see Chapter Five. This training also helped to understand the value of their colleagues. These simple looking activities helped to gain employee performance. As Jack mentioned in an interview, the employees started sending reminders for MoT and vehicle services. This additional activity helped to engage and retain customers.

Furthermore, the owner-manager restructured the business-planning activity which was one of the major changes noticed in the case study firm. Assessing the future of the business, planning for the changes and giving sufficient time in implementing the planned changes became the main focus of the case study firm. The assessing process helped to find an appropriate time and course for the employees. The employees were aware of the quieter and busier months so they could plan their training, work and other activities accordingly. In the busier
months, they work, and in the quieter months, they go away for training programmes and/or marketing activities. By attending the training courses, employees were developing their skills and improving efficiency – see discussion in Chapter Five.

After assessing the environment and business trend, the case study firm changed the business planning process. Even though SMEs do not usually plan for their business (Kraus et al., 2007), business planning was the fundamental aspect of the case study firm. In a discussion, Jack mentioned about the importance of planning in the case study firm.

**Researcher:** Would you like to say anything else about the business systems how it works?

**Jack:** Chris is good at finding things in advance. We always look in advance. We sit down every year around the first week of March to go through our targets for next year. And then, we work on the plan to achieve them. We know the quiet months are March and October. We try to do off-site training in these months.

Jack was very clear about the work patterns. He claimed that Chris was good at planning and assessing the business trend. Like Kraus et al. (2007) discussed, the owner-manager is one of those SME decision-makers who applied strategic planning approach to manage the long-term changes. As mentioned earlier, senior managers were aware of those quiet and busy months. Therefore, the case study firm organised meetings for planning in March. In both months, March and October, employees were sent away for training courses.

It was also clear from the above discussion that the business plans were made by the owner-manager and asked for feedback from senior employees. The owner-manager made simple plans so all the employees could understand it. The senior employees had a chance to give feedback on those business plans. Even though junior employees were not aware of the business plans, they were conscious of their tasks to accomplish. George tells about planning and plan implementing-process in the following interview.
Researcher: How do you set the targets for business and employees?

George: Chris brings the business plans – short term and long term. We, three of us (Chris, myself and Jack), sit down and go through the plans. Then, I sit down with staff and ask them what they need to do. We do performance review once a month to make sure they are helping us to achieve what we want to achieve. They don't know the specific business plans. All they know is they need to be efficient as possible as they could. Junior staff will be doing what they need to be doing, and we hit the targets.

George mentioned that before implementing the business plans, the owner-manager asks for feedback from senior employees. After incorporating feedback on the business plans, the owner-manager provides the final copy of the business plan to the senior employees. Based on the business plan, the senior employees assign the tasks to their junior employees. Then, the junior employees do the assigned tasks. However, junior employees would not know what the plans were, but they would know what they were supposed to do. If junior employees needed additional skills and/or knowledge to perform assigned tasks, the senior employees would provide supervised training. It is important to note here that this plan-implementation process was helping to meet business targets.

The owner-manager changed the decision-making process. The main change in this process was the involvement of the senior employees. In the previous decision-making process, decisions were made by the owner-manager and asked for the implementation. In the new process, the owner-manager involved senior employees in the decision-making process. Employee involvement in the decision-making process made them responsible for implementing those decisions.

In the case study firm, the pricing system was also changed. In the previous pricing system, the firm used to implement cost-plus pricing approach. In the new pricing system, the case study firm added comparative pricing policy. That is, the firm implements two pricing approaches – cost-plus price and comparative price. The cost-plus pricing system is still in use with account customers. For cash customers, cost-plus pricing system is replaced with the
comparative pricing system. The new price, based on comparative pricing system, is a bit cheaper than its competitors’ prices.

In the cost-plus pricing system, prices are calculated keeping the margin on the cost price. However, in the comparative pricing system, prices are calculated comparing competitors’ prices. It is important to note here that this new pricing system helped to gain more customers. In a conversation, the owner-manager insisted that they were 'a little bit cheaper and a little bit better' than others. That 'a little bit' was playing an important role to get more customers and generate more revenue.

6.3.4 Organisational structure
The case study firm reorganised the organisational structure. As shown in Figure 14, the case study firm implemented an organic organisational structure. The structure is simple when it is seen in the layers – the owner-manager, senior employees and junior employees. However, the information flow system is not straightforward. In a discussion, Eric mentioned of such complexity in the organisational structure.

Researcher: Can you tell me something about the company – how it runs?
Eric: I understand what the company does. I know what both companies do. But I will never tell you I know the company. Who knows what is complex here. It is always changing.

Despite the recommendation of simple structure for the SMEs (Mintzberg, 1980), the case study firm implemented an organic organisational structure. This organisational structure has a mix of both simplicity and complexity. It is simple to understand the business components and its services and/or products. However, the information flow system is not straightforward in the case study firm.

The organisational structure is illustrated in Figure 14. The thickness of the arrows represents the flow of the information. That is, the thicker the arrow, the more the information flow. The owner-manager supplies most of the information to the senior employees. Those senior employees give more instruction to the
junior employees but hear less from them. Similarly, the owner-manager gives more information to the senior employees but listens less from them. Moreover, the interaction between the owner-manager and senior employees is more intense than the interaction between the owner-manager and junior employees. The communication with the employees who work for both firms is more intense than the senior employees working just for one firm. Similarly, the interaction between the owner-manager and junior employees is complex as they take both direct and indirect approaches to communicate. The owner-manager gets direct information from junior employees, but he uses senior employees to assign tasks and disseminate information.

Like information flow, roles of the people were also diverse. The owner-manager had multiple roles – the main task was to run the business smoothly. Other tasks consisted working inside and outside of the business – of particular making plans and implementing them, getting external advice, and representing the company. The senior employees had two major roles – managerial and
operational. Finally, the junior employees were playing only the operational roles.

The owner-manager was responsible for making the business plans and implementing them. The senior employees were getting involved at the final stage of the planning process, and junior employees were only completing the task they were assigned. In a discussion, Jack expressed how the plans were made and implemented in the case study firm.

**Researcher:** As you mentioned earlier that you make business plans in March. Can you please tell me something more about this process?

**Jack:** To be honest, Chris makes plans. He will come and say this is the turnover this year; these are the hours we worked this year. And this is the target for the next year. The targets are reasonable. He doesn’t say I want to double the turnover next year. He is very realistic, and he makes reasonable targets. We hit the target. He doesn’t push you through where we never get there. He sets targets. But not sure, if he gets any external advice…

As mentioned in the above excerpt, Jack highlights the planning process. The owner-manager is the one who makes the business plans and passes to the senior employees for implementation. In terms of planning, the senior employees expect what would happen in the future, as the owner-manager makes realistic targets. The senior employees also understand the planning and plan-implementing processes. As Jack claimed, the owner-manager has proven his capability in making realistic business plans. Therefore, senior employees believe the targets could be achieved. In the new organisational structure, the structure Chris introduced, the owner-manager is responsible for making plans and communicating with employees. Similarly, senior employees are responsible for implementing the business plans, and junior employees are responsible for doing the task assigned by their line managers.

### 6.3.5 Networks and collaboration

The case study firm also restructured business networks of connections. That means, the case study firm deliberately selected the organisations to develop the business network and started working collaboratively with these business networks. The people in the business were establishing the individual networks and the business networks to establish the business relationships.
In a conversation, Chris mentioned about the importance of business networks in establishing business relationships. Those business relations helped to grow the business either by working together or by getting more customers.

Researcher: I understand that you are a member of a few trade and charity organisations. You are a rugby manager in a school and work as a governor in another school. Can you tell me why do you work in multiple organisations?

Chris: We do choose the organisations on our personal interest. Frankly speaking, we develop business relationships through networks. If we do not develop a relationship, it is just a waste of time. Such relationship brings the business.

The purpose of developing networks of connections with other organisations was to establish business relationships. Chris claimed that such relationships helped to get more customers. For this purpose, they have developed – internal and external networks. The internal network was developed between Sharon Taxi and Anthony Garage. This type of network was complex and interwoven. When the garage was established, it was dependent on the taxi firm. Later the network became interdependent. After the recession, Sharon Taxi was dependent on Anthony Garage. No matter which firm was dependent on which, the objective of the inter-firm network was to reduce the cost and run the business smoothly. These interdependent firms consolidated human and physical resources to deliver the services effectively. Not only they consolidated the resources, but they also shared the external resources.

The external network was developed with other organisations. The case study firm selected the organisations to establish business networks. Then those networks of connections were converted into business relations which helped to bring more customers. There were three types of external networks of connections. The first types of organisations were the advisory organisations (individuals) which included HR advisor, banks, insurance companies and accountants. These types of organisations were helping the case study firm to keep running the business.
The second types of organisations were support-seeking organisations including local clubs, charity organisations, schools, and hospitals. These organisations were seeking support from the case study firm, but the case study firm had no direct benefits from these organisations. However, by using the networks with these types of organisations, the case study firm was developing business relationships with individuals. These business relations helped to achieve business performance indirectly and in the long run.

The third types of organisations were co-working organisations, and they had reciprocal relationships (in-kind). There were quite a few of these types of organisations in this category. The organisation in this category included ATA (Automotive Technician Association), chamber of commerce, the AA, Euro Car Parts, the Good Garage Schemes, RMI (Retail Motor Industries), FoxyChoice (female-friendly organisation), and IMI (Institute of Motor Industry). These organisations were playing a vital role in making the business grow. For example, employees were receiving technical training and support from ATA. The local chamber of commerce was providing opportunities to meet like-minded people. Similarly, Euro Car Parts supplied car parts, and the AA helped to recover vehicles.

In addition to the networks of connection, the case study firm worked in collaboration with other organisations like local media and FoxyChoice. The collaboration was very important to obtain business targets. Other than supplying the services and products to the large organisations, SMEs, usually, are not found working in collaboration with other organisations because of the risks they face (Verbano and Venturini, 2013). However, the case study firm collaborated with other organisations in local, regional and national level. The case study firm worked in collaboration with different organisations for different purposes. For example, collaboration with media organisations was to advertise the services; whereas the collaboration with FoxyChoice was to make female-friendly firm.

From the above discussion, it becomes clear that the whole organisation was restructured. The changes were implemented in different areas. For example,
physical resources were installed, operating systems were updated, and physical resources were consolidated. Similarly, the firm introduced people management system, employees were downsized, training courses were organised, and resources (both human and physical) were consolidated. Moreover, the business processes were re-engineered (simplified), decision-making and implementing process were improved, and comparative pricing system was introduced. The organisational structure was changed, business networks of connections were used to develop business relationships, and these networks were utilised to work in collaboration. Importantly, these restructuring activities were organised following a three-step restructuring process which is discussed in the following section.

6.4 Restructuring process

The case study firm implemented the changes following a three-step restructuring process – seeking change, taking and tracking actions, and implementing corrections. This process was run in a cycle. Upon the completion of one cycle, another cycle started over again. This cyclic process made the firm dynamic and fit for the future changes. However, the frequency and duration of changes were dependent on the types and sizes of the changes they were implementing. In the following sub-sections, three steps of restructuring process are discussed.

Step one: seeking change – in the restructuring process, seeking change is the first step. In this step, the owner-manager scans the external business environment and examines business trend. Then, he reviews internal resources and identifies the future requirements. For the owner-manager, seeking change was about finding out possible changes and planning for it. In a discussion, Chris mentioned about the change plans.

Researcher: You mentioned that you make ‘very good plan’ for change. Could you please tell me something more about it?

Chris: What I am always looking at what’s going to happen in the market two-three-four-years ahead and give time to adapt slowly. And using experiences from outside of our business.
**Researcher:** Can you please give me any example of a ‘very good plan’?

**Chris:** The limit on the number of taxis is based on the survey – transport system performance survey. It tells how many taxis can stay in a local economy. This regulates the market forces… Around the June of 2006, …[Local Council] removed restrictions on taxi operation. If you want to have a taxi in… [Study Area], you go to the council, you pass the test, and you get a plate. No restrictions. I calculated the number of taxis that can run in this area, predicted those changes and planned to increase the number of taxis.

In the above excerpt, the owner-manager mentioned about the market forces – demand and supply. Chris calculated the number of vehicles required in the study area. The owner-manager also analysed the possible impacts due to the deregulation of the taxi licence in the local market. Then he identified a gap between demand and supply. Similarly, he established the garage to provide repairing service for their own vehicles. Then, he opened the garage to the public when he was ready to provide services to other customers.

In the above discussion, the owner-manager emphasised that seeking for change was the first step in the restructuring process. The information gained from the first step was the fundamental source for the second and third steps. While assessing the business environment, one should use evidence, the owner-manager claimed. This is a vital step, as good plans could only be created with evidenced-based information.

**Step two: taking actions and tracking changes** – in this second step, change plans are implemented, and changes are tracked. However, before implementing the changes, the owner-manager discussed the plans for change with the senior employees. In some situations, the owner-manager seeks expert advice. As discussed earlier, the case study firm restructured the whole organisation. For the restructuring activities, the owner-manager received advice from both internal and external sources. As Lai et al. (2016) mentioned, because of the clarity of communication, there was no difficulty in implementing changes in the case study firm. The owner-manager implemented many changes in firm. Those changes included downsizing the employees, starting
networks of connections, collaborating with other organisations, and restructuring the physical resources.

Along with implementing the change plans, the case study firm also tracks the changes and its impact throughout the business operation. For example, the employees were gaining skills and knowledge, they were improving their performance, and the business was achieving growth.

The case study firm reduced taxi fare after learning competitors’ price. New price was based on comparative pricing policy. In an interview, the owner-manager claimed that the impact of reducing a few pennies was huge in the case study firm. To investigate whether the new pricing policy had any impact, a question was asked to the owner-manager. In the following interview excerpt, the owner-manager claimed the importance of such small change.

**Researcher:** I think customers want a quality service rather than saving pennies in a mile. Can you please tell me your experience in this matter?

**Chris:** The impact was huge. Customers say they want quality service, but they choose the cheaper at the end. And it makes a lot of difference. Nobody admits to doing cheap shopping, but everybody does. And taxis are basic service in the place we are working – it’s not like ‘Nike’ shoes or ‘Apple’ products.

The owner-manager was confident about what he was saying. He also raised a question of brand or service. Yet, the logic behind the cheap and quality services was not satisfactory. However, that small change in price made a huge change to the case study firm. The owner-manager further insisted that ‘a bit cheaper and a bit better’ brought a significant number of customers, and that helped to generate revenue. The case study firm was an example to have higher performance during the recession of 2008-09 while other similar businesses were struggling to survive (PLIMSOLL, 2014).

Implementing the plans and tracking the changes makes it a lot easy to see the changes in the organisation. This second step invites the final step of the structuring process – implementing corrections.
Step three: implementing corrections – in the third step, the restructuring process is reviewed, and the corrections are sought. In the case study firm, the owner-manager and senior employees evaluate impacts of the changes and identify the errors. Then, corrections are made. Anything that worked to achieve performance becomes a routine work. The actions which did not help to achieve their objective were corrected and implemented again.

Here is an example of how the case study firm corrected the errors and implemented the changes⁸.

There were 25 drivers for 25 taxis. However, in some situations, all the drivers were not able to work. Realising this situation, the case study firm created a pool of drivers to resolve this problem. Because spare drivers were not driving regularly, they did have other works and were not available all the time. So, the problem was not resolved completely. To resolve this issue, the owner-manager insisted that if the case study firm could provide taxi licence to their full-time employees, those employees could help in the difficult times. For the experiment, Jack was prepared to drive a taxi, and he was working well. This way, the case study firm was also helping employees to get their taxi licence. The owner-manager claimed the new drivers’ pool would work well. However, it was too early to see the results of this new pool.

This way the case study firm implements the changes and adapts the corrections. As discussed earlier, the firm was going through the cyclic process of seeking change, implementing actions and tracking changes, and implementing corrections. Sometimes, this process was very clear and easily noticeable, but in some situations, the changes were not even noticed.

By now, it is confirmed that restructuring strategy was implemented in the case study firm. The firm implemented a holistic approach to implement changes in both firms. A closer look made it obvious that the changes were implemented in five different organisational aspects – physical resources, human resources, business process, organisational structure, and networks of connections. Now, it is important to see how these restructuring activities contributed to the business performance.
6.5 Restructuring and business performance

The case study firm was achieving business performance by implementing the 'restructuring the organisation' strategy. This study found that there was a positive impact of implementing changes on both employee and business performance. In some situations, such association was direct; while in some situations, the relation was not straightforward. In a conversation, the owner-manager claimed that the growth was huge. A growth of 30 per cent was accepted 'huge' for the case study firm.

In the following excerpts, the owner-manager provides two examples and claims that the growth was achieved from the implementation of 'restructuring the organisation' strategy.

**Researcher:** Can you tell me something about the impact of implementing changes in your business?

**Chris:** Lots. If you don’t adapt the change, you are finished! I think we have gained about 30-35 per cent in an overall. For example, in the real-life, one weights 200kg and in two years that weights 240kg, that is a big change. In our business, we have got the similar level of change. You know – if you run a mile in ten minutes and reduce to seven minutes. That’s the level of change we have gained.

The owner-manager told indirectly about the changes they were having in the case study firm. Those examples were self-explanatory. The increase in the size of the business was remarkable. As Chris mentioned in the above interview, the size was grown about 15 per cent every year. Such growth was also seen in the quantitative change – See Chapter Four. This level of growth the context of the recession was significant while other businesses were struggling to survive and/or sustain. Moreover, the employee efficiency was also remarkable obtaining about 30 per cent increment.

As discussed in Chapter Four, both financial and non-financial data like annual turnover, the number of customers, and the number of employees also showed that the firm was achieving significant performance. However, the growth was achieved in four different areas – annual turnover, cash generation, annual
profit, and the number of customers. The performance of the employees was also evident through effective communication and work efficiency.

Annual turnover was increased after restructuring the organisation. Even though it was difficult to identify the affecting factors precisely, multiple changes were playing a vital role. The owner-manager claimed that such change was the result of restructuring the firm. In a conversation, the owner-manager mentioned such relationship between annual turnover and restructuring the organisation.

**Researcher:** As you said, you diversified the services during the recession. Do you think, without diversification, you could have served the similar number of customers?

**Chris:** Hmmm, no. The value change is very important. With the diversification, your overhead allocation for the services is low. So, the break-even point, financially, in services is low. If you don't offer the number of services, you don't get the volume of the business. If you don't get the volume of the services... That is why we started the garage – the cost is shared. Nothing two years ago and now turnover of garage alone is more than £250k.

Just in two years, the firm gained annual turnover of £250k. Such growth in terms of small businesses (like the case study firm) was huge. The restructuring activities like service diversification and supplying the customer demands were helping to gain business performance. Even though there was no sufficient evidence to claim the extent of impact on the particular restructuring activity, it is reaffirmed that all restructuring activities had some sort of impact in achieving such growth.

Moreover, the case study firm achieved a high growth in terms of cash generation. The owner-manager claimed that such high growth in cash generation was achieved by restructuring the case study firm. Particularly, the growth was achieved through the improved employee-efficiency and diversified services.

**Researcher:** Earlier, you said that you generated cash. Can you please tell me more about it?

**Chris:** Yes, we are generating cash. Hmmm... this year we will generate £300k. Last year we generated 250k. And the sales this year will be
£100k more than last year. This growth was particularly achieved by making our staff more efficient and providing additional services. The owner-manager highlighted the growing trend in the sense of profit and cash generation. It is important to note here that the growth was achieved by improving the efficiency of the employees. Employee efficiency is further related to the 'learning in the organisation strategy' as discussed in Chapter Five. Increased employee efficiency helped to reduce overhead expenses which helped to generate more cash and increase annual profit. As a process of merging two taxi firms and consolidating human resources, the case study firm trimmed employees. This employee downsizing activity had a high impact on minimising expenses and generating annual profit.

Business performance was also achieved by restructuring the business-process. Among the business processes, the business networks of connections were the major ones to achieve performance. There were other reasons too for getting more customers which included marketing and advertising activities. These activities are further discussed in Chapter Seven. Looking at the growth in Anthony Garage, it is confirmed that the customers were increased by an average of hundred per cent every year.

**Researcher:** Can you tell me something about changes in the number of customers?

**Jack:** The number of customers increased from 1k a year to just under 4k. A huge increase in the number of customers coming in. This change was gained mainly because we went out to get customers. We have dedicated websites; we are on Twitter, on Google and at the roundabouts. Some customers say – we found you on FoxyChoice website and some say we found you in the Good Garage Scheme...

Jack gave a very important piece of information which articulated that there was a remarkable increase in the number of customers. Jack was giving the account of the garage. However, in the taxi firm, the number of customers was steady with minor fluctuations – see Chapter Four. The interview with Jack made it clear that the growth was achieved by restructuring business process and networks of connections.
Similarly, restructuring activities also augmented the employee performance. Notably, changes in machinery equipment helped to achieve employee performance. In a discussion, Natalie expressed how the employees were improving their performance. She claimed the employee efficiency was improved because of the new AutoCAB operating system and simplification of the business process. The new cab operating system was simple to operate and easy to understand in comparison to the old one.

In a conversation, Natalie adds, ‘Thanks to the new system which has increased our efficiency’. This is a common experience in the case study firm. Jack also shares similar experience saying – ‘Chris always looks forward to the changes. He plans things ahead… he changed the business process. The old system was not working as effectively as now. We were not focusing on the customers. The new business operating system has a huge impact on our efficiency.’

This section examined the changes in the organisation and business performance, and it identified a positive association between them. The case study firm used a holistic approach to restructure both firms and achieve growth. The major changes were implemented in physical resources, human resources, business process, organisational structure and networks of connections. Similarly, the high growth was explored in cash generation, sales turnover, customers, and employee-efficiency.

### 6.6 Conclusion

The main conclusion of this chapter is the case study firm implemented ‘restructuring the organisation strategy’ and achieved employee and business performance. There were a number of areas in which the business performance was noticed – sales turnover, annual profit and the number of customers. The employee performance was also noticed in their efficiency.

The strategy was implemented in the whole organisation. The changes were made sequentially in different units and at different times. Firstly, the physical resources were restructured by installing new equipment, upgrading operating
systems, consolidating physical resource. Secondly, the case study firm implemented three changes in the human resources – started a people management system, downsizing the employment, providing training courses to improve employee efficiency, and consolidating human resources. Thirdly, the business process was re-engineered by simplifying the business process, involving senior employees in the decision-making process, and introducing comparative pricing policy. Fourthly, the organisational structure was also restructured to make it ‘fit for the purpose’. Finally, the case study firm established the business networks of connections and converted them into business relationships. The case study firm worked in collaboration with other organisations and increased the number of customers.

To restructure the organisation, the firm implemented a three-step restructuring process – seeking change, taking actions and tracking changes, and adopting corrections. This process was implemented in a cycle. That is, once the cycle was completed another cycle was started to have a regular change in the organisation and to make the firm ready for the further changes. In this way, the case study firm was able to survive and grow throughout its operation including the recession of 2008-09.

Listening to the owner-manager and employees, it was very clear that the case study firm gained performance by implementing the changes in the firm. To answer a question – what made the firm grow? Chris said – this is a combination; learning activities helped a bit, change management helped a bit, and focusing on our customers helped a bit; these all [activities] are making us grow. In the last chapter, we discussed 'learning in the organisation strategy' and its impact on the business performance. This chapter discussed how and why the 'restructuring the organisation strategy' was implemented to achieve business growth. So, in the next chapter, we explore how the 'customer-focus strategy' was implemented in the case study firm, and it also examines the relationship between customer-focus strategy and the business performance.
There was a meeting to sort out the issues of an employee who was underperforming. There were three people in the meeting – the HR advisor, the owner-manager and a senior employee. They discussed the outcome of the meeting from line-managers and the employee. They discussed possible solutions and finally decided to send him for training.

This is a combination of different information gathered from field observation, and interview with Chris, Natalie, Bill and Eric.

These figures many not match with actual figures analysed in Chapter Four. The presented data are the combination of both the facts and projection.

At the time of this interview, I did not have access to the recorder, pen and paper. Therefore, the words used by the owner-manager may not be the same as he used in the interview.
Chapter Seven: Customer-focus

7.1 Introduction

As presented in the analytical framework in Chapter Two, the case study firm achieved business performance by implementing three management strategies and associated organisation-works. The growth of the case study firm in terms of quantity and quality is further evaluated in Chapter Four. The subsequent Chapters Five and Six are dedicated to 'learning in the organisation strategy' and 'restructuring the organisation strategy' respectively. This study investigated that the 'customer-focus strategy' and associated organisation-works also helped to achieve business growth throughout its operation including the recession of 2008-09.

This study learned that the customer-focus strategy is common in new ventures and large enterprises. However, it is not common in the established SMEs because of their limited resources and complexity in implementing the customer-focus strategy – see Section 7.4. Nevertheless, the case study firm recognised customers as the main business drivers and implemented this strategy. The firm aligned customer-focus strategy with its business objectives and business processes. Thus, it is interesting to investigate how the case study firm used this strategy in both Sharon Taxi and Anthony Garage, and achieved business performance.

To examine the impact of the customer-focus strategy on the business performance, this chapter is divided into seven sections. Following the introduction, Section 7.2 discusses the importance of customers and presents the approaches to recruiting, engaging and retaining customers. The case study firm employed a six-step strategy implementation process which is discussed in Section 7.3. Then, the customer-focus model is discussed in Section 7.4. By using the customer-focus model, the firm tailored its services to meet the customer demands. This model has five components – three stages and two approaches. The associated organisation-works were helping the case study firm to become customers’ choice which is discussed in Section 7.5. The customer issues and complaints handling activities are also discussed in this
Section. Section 7.6 presents the relationship between customer-focus strategy and business performance. Finally, Section 7.7 concludes this chapter.

7.2 Customers as business drivers

As discussed in Chapter Two, customers play a major role in making a firm successful. By realising the importance of customers to achieve business growth, the case study firm was giving priority to the customers. It is important to reiterate here that the case study firm was giving priority to people – employees and customers. As discussed in Chapter Five, preparing employees for the future work and improving their performance were the major priorities. In regards to the customers, the firm used the customer-focus strategy as a tool to recruit, engage and retain customers.

However, to implement a customer-focus strategy, it is important to have a good understanding of the business output. In the business output, there are two fields – product-field and customer field. Product field relates to the services and products of the firm. The case study firm provides services, and the ‘value’ of the service is very important in the service-oriented businesses. The importance and price of the services are context-specific. For example, if a customer uses a ‘taxi service’ to go from one place to another place, that may be simply defined as a ‘transport service’. However, if a patient is taken to a hospital using a ‘taxi service’ might be defined as a ‘lifesaver’ service.

Similarly, the customer field includes customer demand and their need, location and priority, and behaviour and characters. As a part of the customer-focus strategy implementation process, the firm analysed the customer field. By knowing the customer field, the firm was able to identify potential approaches to take for recruiting, engaging and retaining customers. These three aspects are crucial in customer-focus strategy implementation process. Thus, these aspects are discussed in the following sub-sections.
7.2.1 Recruiting customers
To recruit customers, one needs a broader understanding of what and how customers want to get services. There are economic and geo-human factors that make the customer recruiting process complex. These factors include customers’ lifestyle, need, requirements, interests, choices, desires, peer pressures and social pressures. It is challenging to identify the exact impact of these factors on the customers, and thus the businesses performance. Therefore, the case study firm implemented a holistic approach to recruiting customers.

In a discussion, Bill mentioned about their holistic approaches which were used to recruit the customers.

Researcher: Coming back to the question of growing business, is there any chance to get more customers?
Bill: To get business customers – we make cold calls, visit the local businesses and talk about the services, and contact airports. For the general customers – we are advertising, putting details on websites, displaying our attendance in many places around in the city... I don’t know what we can do anything more actually.

Bill divided the taxi customers into two types – the business customers (also known as account customers) and general customers. Business customers are very important, and they are a reliable source of regular income. To recruit business customers, the case study firm used cold calls, visited local businesses/organisations and discussed what they could offer to the business customers. The case study firm also contacted local airports so that they could provide the services to the businesses/organisations at the airport. However, to recruit the individual customers, the case study firm advertised their services using different medias and creating virtual networks (locations).

Similarly, the garage also utilised multiple approaches to recruiting customers. In a discussion, George mentioned about the efforts they put in to hunt/recruit customers.

Researcher: Can you tell me how you get customers?
George: We advertise everywhere. We are on roundabouts, on local radio, Google, and Twitter. So, we are everywhere. We know the
patterns of business, and we know the quiet months. So, we start advertising right from there. We go out and leave our leaflets, and talk to people. We have dedicated pseudo websites for specific model and types of vehicles. These pseudo websites help to hit our main website.

It was obvious to George to think of advertisement for recruiting customers, as he was involved in advertising activities. Furthermore, looking at the recruiting approaches, it becomes clear that both firms were actively working to get new customers using holistic but business-specific approaches. However, the recruiting approaches were overlapping in the case study firm. These holistic approaches were helping to recruit customers from wider areas. The main approaches used to recruit customers are discussed here.

Creating virtual location – the case study firm recruited a remarkable number of customers by creating a virtual location. Virtual location, for the case study firm, meant passing the information to the people using different means of communication like radio, hoarding board, signboards and websites. The evidence of such communication can be seen in the study area – the case study firm is on the air (local radio), at the roundabouts, and on the vehicles. Their appearance in multiple areas makes it easy to find the case study firm.

In a discussion, the owner-manager insisted that the firm was creating a virtual location by advertising the business in multiple ways. In the following excerpt, the owner-manager mentions about the activities that were carried out in the process of creating a virtual location (platforms).

**Researcher:** As you said you have developed business networks. Can you please tell me how you create networks and the purpose behind it?

**Chris:** A lot of work we do with local sports clubs, schools and hospice. Here, we are developing an informal network, and we are advertising our business through these networks.

Do you know – we are advertising at roundabouts, on Google, and on the local radio. What we are doing here is we are generating networks of people who know all about us. When customers need something, they will think of us. I think everybody has a different view on networks and how it works. Networks work very informally rather than formally. For example, we all believe we know McDonald. Do you know who works for
McDonald? I don’t know anybody who works at McDonald. I was with kids driving to France. I quickly popped into McDonald. We are in some way linked to a network of McDonald or Nando’s or Pizza Huts or Odeon Cinema or whatever – just because we are hearing.

Same as... [Anthony Garage], we hear on the radio, see on Google, and read on orange cars. It is like a reference point. I am creating a virtual location.

As mentioned in the above discussion, the case study firm had two types of business networks. The first type of network was established with local clubs and charity organisations. Using these business networks, the case study firm advertised its services. Similarly, the firm also created virtual business networks with other organisations. The second types of organisations comprise virtual organisations such as Google, Twitter and radios. These organisations were also helping to advertise the services and making the firm virtually available.

Even though it is difficult to find the precise number of customers coming from networks of connections, the owner-manager claimed that a significant number of customers were increased just from Google adverts. The owner-manager, in a discussion, claimed that about 10-12 per cent of total customers reported that they booked appointments by checking the 'pseudo website'. Even though recruiting customers was not easy and straightforward, the case study firm used both informal and virtual networks to get new customers and achieve business performance.

**Putting business flags** – the case study firm showed its presence physically and virtually by putting business flags. The firm showed its presence in different places and locations like the roundabouts, public transports, superstores, train stations, bus stops and restaurants. These are the main places, where taxi customers look for the instant services. The case study firm installed phone booths in different locations. For example, they have installed phone booth at Sainsbury’s and Morrisons. These phones were connected with the taxi firm. Similarly, to show its presence virtually, the case study firm used online resources like Google, dedicated websites and air-medias.
Recruiting customer was not straightforward here – multiple factors were playing vital roles to get the customers. In the following discussion, Bill talks about the activities they completed to invite more customers.

**Researcher:** In the last discussion, you mentioned about different approaches you use to get customers. Can you please tell me something more about the presence of this company?

**Bill:** We do show our presence in different ways. We have phone booths at Sainsbury’s, Morrisons, and at the train station. These are free phones for the customers. We have kept leaflets at the public places around the city. We also have some dedicated websites other than the main one for the garage. And we get about ten per cent of total online businesses through those websites.

The case study firm showed its attendance using different approaches. In some places, they were displaying the leaflets whereas in some places they installed phone booths. Other than the physical presence, the firm also used websites to show their presence. All these approaches seemingly brought positive impact on the business performance. For example, Freephone sets were helping customers to call taxicabs. These phone sets were connected to the taxi firm whereas the signposts at the roundabouts were advertising about the service garage.

As George claimed earlier in this section, the case study firm had dedicated pseudo websites to invite different models and type of vehicles. For example, a dedicated website was used to invite BMW cars, and another website was dedicated for MoTs. These websites were helping to get ten per cent of online customers. Even though it was not easy to track a precise number of customers, putting the flags in different places was definitely helping to get more customers.

**Collaborating with other organisations** – customers were also recruited by working in collaboration (mostly in-kind) with other organisations. FoxyChoice, the organisation to approve for the female-friendly garage, is an example of such collaboration. Collaboration with FoxyChoice helped to get female customers, as the case study firm works with them in collaboration. As a member organisation, the FoxyChoice provides the case study firm’s details on
their website. Other than FoxyChoice, there were quite a few other organisations working in collaboration with the case study firm including the Good Garage Scheme, the AA, RMI and IMI.

In a conversation, the owner-manager describes how the case study firm worked with these organisations to recruit customers.

**Researcher:** I noticed that you recruit customers working with collaborating organisations. Could you please tell me how you do this?

**Chris:** Yes, we do get customers from collaborative works. When you check our name on their website, you will find us there. When customers see our name there, they trust us and come. We don’t let them down.

As Chris claimed, customers were coming through the recommendation of those collaborative organisations. Therefore, the owner-manager was intensively working to create organisational collaborations with multiple organisations. All the collaborative organisations had some, but varying levels of impact on getting customers. Some of the organisations had a direct and greater impact while some of the organisations had an indirect and nominal impact. For example, the case study firm received a significant number of customers from the Good Garage Scheme, whereas a few customers came from the collaboration of FoxyChoice.

It was explored that the case study firm implemented multiple approaches to recruit customers. Some approaches were working better than the others. Some had a direct impact on getting new customers, and some had a knock-on effect. What else can an SME do to recruit customers? Well, as Bill claimed, the firm carried out all the activities they could have done. Thus, engaging and retaining existing customers were other important priorities in achieving business performance.

### 7.2.2 Engaging customers

Engaging customers plays a vital role in making businesses successful. To engage the customers, the case study firm used different activities. Those activities included sending MoT and service reminders, providing technical information, and sending promotional offers. Even though these activities are
common for the large firms, SMEs usually do not practice them. The case study firm engaged customers by sending text alerts and email for reminders, services and offers. In a discussion, the owner-manager mentioned that the garage was able to engage customers. To examine the impact, customer feedback was analysed which revealed that 21 per cent of those engaged customers recommended other customers.

However, engaging customers in SMEs is complex (Zemke, 1995). To get customers engaged, both business and customers play important roles. SME owner-managers find other important stuff to do in the business than engaging their customers. Some of the complexities arise because of not having customer data and resources they have. For example, to send reminders, the companies need to have the record of their customers and vehicles. Similarly, customers’ roles are also very important in customer engaging process. Some customers move away from their location, or they buy/change vehicles. These simple looking changes adversely affect the customer engagement process.

The customers of the taxi firm and garage are different, so do the customer-engaging approaches. In a conversation, Bill said that engaging taxi customer (passenger) was complex. He insisted that the customers get engaged themselves if they had a good experience in the past. If customers use taxis on a regular basis, they prefer to use the same taxi and same driver. Customers with good experience call again, but with the bad experience do not. Furthermore, he claimed that good and bad experiences are dependent on the individual – what they expect and what they get. Natalie also found tricky to engage taxi customers. She insisted that the customers have access to the company information, but the company has no access to their information. The notion of saying so denotes that the customers come and go. That is a one-way process of getting customers. Customers can approach the service provider to engage themselves but not the service provider. In this case, the taxi firm, therefore, needs to give a good experience to their customers. Again, it is important to understand that the ‘good experience’ is subjective, so it is difficult to find out the perception of good. Particularly, ‘good’ for one may not be good for others.
Therefore, it seemed true that engaging taxi customers could be done by continuously sending information using virtual and physical networks. Natalie found radio broadcasting and website posting as possible ways to engage the customers. However, she warned about the content of the website.

**Researcher:** Do you think there are any chances of engaging customers in the taxi business?

**Natalie:** I haven’t actually thought about how we can engage customers, but we can send regular reminders of our presence. But the information we give must be simple and plain. The website must be up-to-date.

As discussed above, engaging customers is very tricky. The case study firm was trying its best to engage customers where possible by utilising multiple approaches. Engaging customers is closely linked with retaining customers, which is discussed in the following subsection.

### 7.2.3 Retaining customers

The case study firm used multiple approaches to retain their customers. Retaining customers was also a way of gaining business performance. For the owner-manager, retaining customers meant making customers satisfied and make them come again. Satisfied customers were accepted as the assets of business who gave both direct and indirect benefits to the firm. In a discussion, the owner-manager clarified those indirect and direct benefits. The business transactions gained directly from customers were accepted as direct benefits. Whereas, the transactions gained through the recommended customers were accepted as indirect benefits.

However, retaining customers was also tricky for the case study firm. In a discussion, the owner-manager claimed that they serve diverse customers. The diversity of customers' choice, background and purpose made it complex to recruit customers. Despite those complexities, it was interesting to explore that the case study firm implemented a number of different approaches to retain their customers. Those approaches were aligned with the objectives of Sharon Taxi and Anthony Garage. The garage provides four types of services to retain customers – offering courtesy cars, providing vehicle pick-up and drop-off
services, vehicle check-up service and customer care. Similarly, the taxi firm provides customer safety and customer care to the clients.

**Courtesy cars** – to retain customers, Anthony Garage offered courtesy cars to their customers, as a replacement while the vehicle was on repair. This activity had a great impact on retaining customers. In addition to retaining the customers, this activity helped employees to focus on their work, as it was taking a sort of pressure off. Jack mentioned about the importance of courtesy cars in the following excerpt.

*Researcher: Anything else you do to retain customers?*
*Jack: We offer a courtesy car to our customers. If the customers have courtesy cars, it also takes off a bit of pressure. If any complication comes while repairing their cars, we feel that we are keeping our customers moving on. So, they can keep on going, and we can concentrate on our work. In a pressure, you may not do the work that was supposed to do. This brings – their cars are properly repaired.*

Well, providing courtesy cars had two purposes behind it. The first purpose was about showing customer care. And, of course, it helped to keep customers mobile. The second purpose of providing courtesy car was to take off the pressure of works so that the employees could focus on their job and they also could accommodate (insert) small repairs in between.

**Pick-up and drop-off service** – the case study firm provided extra services to their customers. The purpose of providing pick-up and drop-off facilities were to retain their customers. Following interview excerpt shows an importance of such activities.

*Researcher: You said that you offer courtesy cars to the customers. Can you tell me what else you offer to the customers and why you do so?*
*Jack: We don’t want to turn our customers away. If they go, they won’t come back. We want them to be with us. We look after our customers – we also offer vehicle pick-up and drop-off services.*

From the discussion above, the relationship between vehicle pick-up and drop-off services and retaining customers seems straightforward. As Jack mentioned, this is one of the techniques to care customers and showing off how
much the firm cares about its customers. Well, customer care may not be as straightforward as it is seen in the case study firm.

**Vehicle check-up service** – the case study firm provided vehicle check-up services to their customers. It was a free check-up twice a year – summer and winter check-up. One of the customers mentioned about this service in the case study firm. This revealed that the firm was retaining customers by providing such facilities. In one of the interviews, George mentioned about this service and its positive impact on retaining the customers.

**Customer safety and customer care** – customers were engaged by providing customer care in both firms. The taxi firm provides an additional service of customer safety to its passengers. Regarding the regular taxi users, Natalie claimed that people had specific choices and they did not want to change. If customers receive better or equal level of services compared to their last experience, they stay with the company. Of course, taking the passengers from one place to another was their duty. However, helping passengers to cross the road and giving a hand to take passengers’ belongings away were some extra services that a driver could offer to their passengers. These additional services give benefits to the company in the long run, if not in short.

*Researcher:* Can you tell me how can you retain the customers?

*Natalie:* I think we can keep existing customers from our reputation. We have got a lot better reputation. We have better and cleaner cars now – a lot of car washing and inspection. I know some old ladies. They use the same driver week in week out. They not gonna change a lot. That's the way they are happy with, cannot force to change. If the customer had a bad experience, they are not happy with us. We can get new customers rather than retaining old ones.

Retaining customers in the taxi firm was more complex than in the garage. The key to retaining customers was giving better services every time. Letting the customers know about their journey was very important for the taxi users. Moreover, to retain customers, drivers may provide company details, offer services if they had any, and show their presence by giving contact details. One of the taxicab drivers, David, claimed the importance of these simple looking activities in a discussion.
**Researcher**: Can you please tell me how do you retain your passengers?

**David**: Safety comes first. I provide safety all the time. More than that... When I see my customers, I open the door and get them in. If it’s a long drive, I usually tell them – which way we are going and an expected arrival time of arrival. If there are alternative routes, I let them choose. I usually, keep a bottle of water in the car which they can drink. I try to understand them and talk accordingly. At the end of the journey, I open the door, take their belongings away and give a card to contact our office, just in case they need our service again. It gives three things – safety, service and extra income. Tips, I mean.

Like David, it is assumed that all the drivers try their best to give passengers a better experience. Drivers want their passengers to call again and, therefore, they ask passengers to contact their office for further services. Another taxi driver, Harry, also agreed with David about customer service and customer satisfaction. Listening to David and Harry, it sounds like making the customers satisfied and retaining them are not anything complex and tricky. Yet, it depends upon how a killer question may be answered – do these activities help to retain customers in all the situations? Unfortunately, the answer is – no.

Natalie pointed towards the customer service and satisfaction. According to her, satisfied customers bring more customers, but unsatisfied customers even return other customers from the door. So, what Natalie says here became valid – keeping customers with bad experiences would not help to gain business performance. Therefore, the case study firm wanted to have rather few satisfied customers than having many unsatisfied customers. In the knowing situations, the case study firm goes an extra mile to help customers and to retain them.

To recruit, engage and retain customers, the case study firm used multiple activities and approaches. For the recruitment, the case study firm created a virtual location, put business flags and worked in collaboration with other organisations. Similarly, to engage and retain taxi customers, the firm provided customer care and safety to their passengers. Moreover, to engage and retain customers in Anthony Garage, the firm sent vehicle servicing and MoT reminders, provided technical information and offered courtesy cars, vehicle
pick-up and drop-off, and vehicle check-up facilities. Even though there was no precise information about which service had a greater role in getting more customers and retaining them, all these activities were playing a positive role in this process.

Above discussions made it obvious that customers were the focus of the case study firm. The customer-focus strategy was in place to recruit, engage and retain customers. Now, it is important to examine the strategy implementation process.

7.3 Strategy implementation process

Customers are the first and foremost priority in a successful business. The case study firm put the customers at the heart of the business and implemented a strategy to focus on them. The strategy implementation process was aligned to customer-demands and their needs. This process made customers feel satisfied and valued. Even though there was no formal process of implementing this strategy, the firm was utilising a strategy implementation process as illustrated in Figure 15.

![Figure 15: Customer-focus strategy implementation process](image)
The owner-manager claimed that the customer-focus strategy was about ‘working a bit extra for customers’. That ‘a bit extra’ helped to establish business relationships with satisfied customers. To implement the customer-focus strategy, the firm used a six-step strategy implementation process. In a discussion, the owner-manager insisted that the strategy implementation process help them to focus on customers and their needs. As shown in Figure 15, these steps are: knowing the customers, knowing the business, planning for changes, restructuring the organisation, integrating customers, and revising the process. In the following paragraphs, these steps are further elaborated.

**Step one: knowing the customers** – this is the first step of the strategy implementation process. In this step, the firm analysed two aspects – customers and products/services. The firm identified possible customers. By collecting information about customers' requirements, their expected quality, and expected price, the firm redefined their products and services. These activities were interwoven with each other. Identifying customers helped to redefine its services, and those redefined services helped to identify the customers.

**Step two: knowing the business** – after knowing the customers, the case study firm analysed its own position to deliver the customer demand. To analyse its position, it used different tools such as SWOT (strength, weakness, opportunities and threats) analysis and balanced scorecard. Furthermore, the firm assessed its ability to supply customer demands. In such a way, the firm identified the gap between the existing resources (physical and human) and the resources required to supply the customer-demands in future.

**Step three: planning for change** – after identifying the gaps in the second step, the third step (planning for the change) provided a structure for what and how the changes could be addressed. This step also provided a detailed process for implementing the change plans. The change plans included human resources, their soft and hard skills, and requirement of physical resources. Therefore, this step was about 'setting the targets'.
Step four: restructuring the organisation – once, the change plans were approved. Then, the case study firm restructured the organisation. Before implementing the changes, the firm considered other business aspects such as business performance trend, customer demand and available resources. Giving time to the employees to adapt the changes, the firm restructured the whole organisation or a part of the organisation as per requirement.

Step five: integrating customers – once the changes were put in place and the firm started delivering its services, the case study firm became a part of customers’ life. The firm kept the customers’ contact information and their service preferences. This helped to improve communication with customers and retain them. The case study firm made the customers dependent on them by constantly improving their business processes and services to meet the customer need.

Step six: revising the process – in this last step, the firm evaluated the whole process. The case study firm continued practising those strategies that helped to obtain their organisational objectives and dropped those activities that did not help. To reflect the past actions, the case study firm asked feedback from the customers and evaluated the performance achieved through the implementation of this strategy.

As discussed above, the case study firm used a six-step strategy implementation process. All the steps in this process played a pivotal role to redefine the services/products, implement changes, and integrate customers into the business process which subsequently helped to achieve business performance. It was interesting to notice that the firm implemented customer-focus strategy and addressed customer-demand carefully. It is now important to find out the activities that were used to tailor customer-demands.

7.4 Tailoring customer demands
As discussed above, the case study firm utilised a model to tailor customer-demands. Even though there was no any formal process and model to focus
customers, the case study firm used a moderately structured customer-focus model. As discussed in Chapter Four, the owner-manager used the business excellence model during his employment in a bank to get customer satisfaction. Therefore, the customer-focus model has some sort of likelihood of the business excellence model.

As shown in Figure 16, the customer-focus model has five components which include three stages and two approaches. The stages are input, process and output. The implementation takes both strategic and operational approaches. Any investment on the human and physicals resources come under the input stage. The second stage (process) has two functions – planning for change and implementing changes. In this stage, the information about the customers is processed, and the employees are made ready for the next step. All the business procedures fall under this stage. The procedural activities include decision-making processes, human resource development processes, and procurement processes. Additionally, activities like marketing, networking and service designing belong to this stage. By passing the information from one stage to another, the process connects to the input and output stages.

![Figure 16: Customer-focus model](image-url)
The output stage is about customer satisfaction and service diversification. The customers are the result of what services they want and how they want it. Customer feedback and their recommendation play an important role in this stage to assess customer satisfaction and service/product diversification.

Broadly speaking, SMEs usually implement the operational approach. This approach starts from the ‘input’. SMEs prepare their business by arranging investment, gathering physical resources and recruiting human resources to produce their desired products/services. Then, SMEs enter into the second stage in which SMEs produce their products/services. Finally, SMEs sell their products and services to the customers.

However, the case study firm does not only follow the operational approach. It is, therefore, very important to understand how the case study firm works. As discussed in the last section, the case study firm uses the strategic approach to focus on the customers. This approach starts from the 'output'. The firm finds out customer-demand, then prepares the process and gets resources accordingly. For example, the case study firm analyses the vehicles that may come in future, possible vehicles owners, and the problems they may have. After analysing prospective customers and their possible demands, the case study firm makes both business plans and change plans to fulfil the future requirements. Then, the firm gradually implements the changes in the business. Subsequently, the firm starts preparing process and resources. That is, strategic approach starts from the output (results) and ends at the input (enablers).

After going through the strategic process, the case study firm starts its operational process. This process starts from the input, which is about making the firm ready to supply the customers’ demands. They make sure they have sufficient physical resources, dedicated websites, and networks of connections to get the customers. The firm also makes sure that the business information is sent to the prospective customers through different media. The process stage makes the firm ready to deliver the services and connects with the output stage. In this stage, the case study firm delivers its services to the customers.
The customer-focus model was playing a crucial role to tailor the customers’ demand and to deliver their requirements. Using this model, the firm went beyond the customer recruiting, engaging and retaining processes. Both strategic and operational approaches were used to identify customer-demand, optimise the business process, and deliver the services/products. Both of these approaches were leaned towards the customers. As a result, those activities were helping to become a company customers’ choice.

7.5 On the way to customers’ choice
As discussed earlier, the case study firm implemented customer-focus strategy through a six-step implementation process and the customer-focus model. While the firm was implementing the customer-focus strategy, it started becoming customers’ choice. Not only the customer-focus strategy, but the associated organisation-works also were playing major roles in becoming customers' choice. By analysing customer feedback, customer interviews and employee interviews, such claim was confirmed. In the following sub-sections, some of the major associated organisation-works are discussed.

7.5.1 Delivering quality services
The case study firm was delivering quality services to its customers. In the context of the taxi firm, quality service was measured by the quality of vehicles and customer services. Clean, tidy and maintained vehicles were accepted as quality vehicles. Similarly, quality services referred to the punctuality and clear communication with their customers. To provide quality services, drivers were asked to clean taxicabs at least once a week, office staff were authorised for checking the vehicles on the spot, garage staff were asked to do regular maintenance, and a dedicated senior manager was assigned for weekly fuel-audit. Those activities were helping to maintain the vehicles, and the customers were getting better services.

In a discussion, Bill mentioned about these activities and their importance in becoming customers’ choice.
**Researcher:** Can you tell me what you do to deliver the quality services to the passengers?

**Bill:** We keep the vehicles in a good condition. We do have a contract with a local car washing company around the corner. Whether the drivers clean or not, we charge £4 from the drivers each week, and we pay the differences. We do inspect the vehicles. We also check the noise and the body condition of the cars. This gives a better image in the market. We keep these records on a traffic light system, red-amber-green, and send to the garage for servicing. We communicate with the customers clearly. We do not hesitate to be clear with passengers about the time of pick-up. It is very important in the taxi business.

Bill mentioned mostly about keeping the vehicles in good condition to deliver quality services. Of course, as he said, vehicle-condition was very important to deliver a quality service. Bill further highlighted the importance of effective communication. Providing services at the right time was also important. However, taxi customers do not stick to one taxi firm. Usually, they keep alternatives – apart from the quality, they need the vehicles in time. In a discussion, Bill also said about quality service.

**Researcher:** Can you tell me how you make the customers keep coming in?

**Bill:** Well, you don’t know you will definitely get a taxi when you need if you stick to one company. If I were a customer, I wouldn’t hang around in one firm. I think taxi customers are like this – they are fickle. If they don’t get the service in time, they may go away. They may come back if they are not satisfied with other cab companies. If you are providing good service, they will stay with you. If the cabs are clean, jobs are done in time then customers keep coming in.

Bill further claimed that the only way of making the customers keep coming in is done by providing quality services. Customers need to feel the quality of the service from the point they come in contact with the company. That could be any person or virtual networks – such as a receptionist or website. The drivers, of course, were also playing a vital role to give the sense of quality services to the customers.

However, the quality in the context of the service garage means price, the reliability of work, and the behaviours of the person who comes in contact with customers. For the garage, quality service also meant providing service in time,
providing customer care through vehicle pick-up and drop-off service, and offering courtesy cars. For example, Anthony Garage provides free vehicle cleaning services to the customers who come for vehicle servicing. Just by cleaning the vehicles free of cost, the customers felt that they were valued. Offering free drinks, allowing customers to see how their vehicle was being repaired, providing technical information and free Wi-Fi facilities were some other freebies in the garage. In an interview, one of the customers claimed those facilities meant a lot to them. In such a way, both firms were providing quality services to their customers. Because of the availability of those services, customers wanted to stay with the case study firm\textsuperscript{D}.

7.5.2 Doing jobs in time
Doing the right job at the right time was very important to retain customers and to become ‘customers’ choice’. The case study firm was dedicated to delivering the customer demands. One example of such dedication might be – the owner-manager did a taxi service when the driver was not able to pick-up a passenger. To provide taxi services in time, the case study firm had carried out a couple of actions. Firstly, the taxi firm had made a pool of cab drivers, just in case, if they could not get assigned driver in time. Secondly, the taxi firm encouraged existing employees to become a taxi driver. These actions were helping to deliver the demand for taxi service. In a conversation, Natalie said how they had managed the drivers in the busy periods.

\textbf{Researcher}: Can you tell me any situation, when your customers called for a taxicab, and you don’t have any vehicle or driver?
\textbf{Natalie}: Not really, we try to arrange both drivers and vehicles. We get such pressure on Friday nights and Monday mornings. We usually have 12 drivers on Friday nights and 24 drivers on Monday for school runs. That is usually enough for us. In a typical situation, even Chris [owner-manager] drives a taxi.

Above conversation makes it clear that the taxi firm had sufficient vehicles and drivers, so the customers were served in time. However, it was not always predictable, and it could go beyond the plan. For such situations, they have spare drivers in the business who could do taxi service. For example, Chris was doing a taxi service in the difficult situations. There were other employees as well who were holding taxi driving licence and doing taxi service when required.
Well, the situation in taxi seemed that it was well managed. What about the garage? How did they manage to deliver their services in time? Jack answered this questions saying – ‘We do care customers and their demands. Usually, we finish all the jobs by the agreed time. If we get any complications, we communicate with customers. They have our courtesy cars – we like them to keep on going.’ The firm planned in advance and provided courtesy cars which helped customers to keep on going. Those courtesy cars were also helping employees to focus on what they were doing.

7.5.3 Accessibility of the firm

The case study firm was easily accessed in the study area. As mentioned earlier, there were signposts around roundabouts, the local radios were broadcasting the message constantly, big and bold contact numbers were displayed on the taxicabs, and there were dedicated websites to communicate company information. It was important to provide up-to-date information, so people could get the correct information whenever they needed. In a discussion, Natalie highlighted the importance of disseminating information using appropriate media and technology.

**Researcher:** Can you tell me how the customers find company information (contact numbers) to contact you?

**Natalie:** Now the way of looking at the information is changed. No more Thompson Local, no more Yellow Pages! A lot of people do check online now. If you are in the office, you check online. If you are out, you check on your mobiles. You listen to the radio. If you are online, you will get the business. We have all of these – we have websites, we advert on the radios, and we are at the roundabouts.

It is interesting to note Natalie's point here. The new technologies were replacing paper-based information disseminating techniques. Therefore, providing information using cloud technology helped customers to access the information in no time. The case study firm disseminated information using different media, making them easily accessible to the customers. The notion of saying ‘we are at the roundabouts’ simply meant that they are advertising at the roundabouts within the catchment area. That is, the case study firm was physically and virtually accessible to the customers.
7.5.4 Handling customer complaints

From the above discussion, it may sound like the case study firm had no issues. Actually, the firm was operated in a nearly ideal way. However, the firm also faced the problems of unsatisfied customers (customer complaints) – see Chapter Two. Sometimes, even the minor issues escalated to a higher degree. A closer look at the customer issues tells that the firm was facing two types of problems – the issues created by the customers, and the issues created by the situations. In both cases, the case study firm had direct or indirect involvement, so it had to sort out the problem as quickly as possible.

Before talking about how the case study firm handles customer complaints, it is worth to understand the nature of the complaints. In a discussion, Bill insisted that the numbers of complaints were nominal in the comparison to the number of customers they served. However, Bill warned that every complaint might bring a sort of risk.

*Researcher:* Can you tell me something about the complaints you face in this business?

*Bill:* Recently, we had an experience, our driver picked up a passenger. Generally, when drivers are going out from the town, they ask money in front of others just in case the customer runs away to their destination. In that case, the customer did not have any money. When they reached the destination, they tried to rip off the handle. Then people involved, police involved. It’s a very rare in day times. On the number of jobs we provide, the risk is very low, but there are still risks.

Bill mentioned about the risks to the drivers and the company. The case study firm had an informal policy to minimise the issues, but that did not work on that day. Bill mentioned that the risk was not severe, that was just about losing money. In some situations, drivers also face problems that are more serious. Issues and problems in the nights are riskier than in the days. The issues in the nights might include abuse, violence, assaults and vehicle damage. These situations involve police, local community, insurance companies and the case study firm. These kinds of situations do not, of course, help to retain the customers and to become customers’ choice. The situation changes into blaming to each other. Natalie’s opinion, in this case, becomes valid as she
thought such customers damage the image rather than helping to create more business.

When the company involves in conflicts, it does not really matter who created it. The situation worsens, the relationship becomes cold, and the company loses its customers. These types of situations basically come on Saturday nights. In an interview, Bill mentioned about a situation that could happen in the nightlife.

**Researcher:** Do you face any other types of issues?

**Bill:** Yes, we do. Usually, Saturday nights are not good times to work. Saturday nights, when the customers have a few drinks, then they may not come out the house on the given time. Some drivers are impatient and do not give enough time to come out of the house. It’s a mix of two things – when they miss the taxi and when they have a few drinks – they get angry. They can be abusive.

Saturday nights are not accepted as the good time to work. However, this is the time the drivers make most of their money for the week. Small issues become bigger, and the problems get escalated. Even though, people understand the situation, they give priority to themselves. Night drivers usually work for more money, so they are ready to work under pressure. If they are not motivated by extra income, they do not like to wait for a long time outside a bar/pub (even houses sometimes). The situation goes like – drivers have others things to do, company has other passengers to pick-up, and obviously, the passenger has a few more drinks to finish. In such a buzz, making a right decision is tough. They all have their own priorities and feel they were not treated the way they were supposed to be treated. These connections change the situation from good to bad and bad to worse which turns into dissatisfaction and frustration.

On the other side, Natalie found that the issues and complaints were associated with the individuals. From some drivers, the case study firm did not get any complaints, but some drivers brought an awful lot of complaints.

**Researcher:** Can you tell me something about the number of complaints and their association?

**Natalie:** Complaints are related to the drivers. We have some drivers from whom you never get any complaints. And some drivers make us p***** off. If you are getting complaints, need to address as quickly as
possible. Need to record how many times they get complaints. I think we need to be quite strict and be fair. The first strike – pull the driver and have a meeting before you drive again. The second strike – driver needs to be suspended for a week. And the third strike – you are out, you are gone.

Natalie's ideas are very important to understand. The office staff got frustrated due to the customer complaints. In reality, they did not know what exactly happened, but they had to listen to the customers first. If the office staff does not listen to the drivers before making any decision, they feel that are left out. Natalie thinks strict rules could help office staff to manage drivers. Natalie further told that drivers must have their sayings too which must be heard in detail.

In the garage, there were almost no complaints from the customers. Whatever the complaints were, they were different compared to the issues in taxi firm. Chris shared about a complaint from a customer which was associated with his previous staff. Complaints, in the SMEs like the case study firm, may not come from the real problem – there can be politics of competitors to damage company image. The owner-manager warns – even if the customer complaint does not damage the company image, it damages time and money.

Nonetheless, the owner-manager confirmed that they should resolve customer complaints. How could it be resolved? Well, it depends on the situation. In some situations, just listening to the customers helps to resolve the issues. In some cases, lady-staff resolves it. Bill explained the practices they had. The case study firm faced different types of complaints – customers and staff (including drivers). Any complaint neither helps to retain customers, nor it helps to achieve business performance. Therefore, the owner-manager resolved every issue as quickly and effectively as possible. As Cambra-Fierro et al. (2015) discussed, the case study firm was gaining performance and becoming customers' choice by handling the customer-complaints effectively.

This section discussed the organisation-works in relation to the customer-focus that was carried out by the case study firm. Through the provision of quality
services and doing jobs in time, the case study firm became the customer’s choice. Moreover, the case study firm was becoming physically and virtually accessible and it was dealing customer-complaints appropriately. All these activities were helping to achieve business performance. So, this is the time to look at the impact of customer-focus strategy and associated organisation-works on the business performance.

7.6 Customer-focus and business performance

The case study firm achieved business performance from the implementation of the customer-focus strategy. The customer-focus strategy had a significant impact on the number of customers and annual turnover. The employees and the owner-manager claimed that they had a positive impact of the customer-focus strategy in achieving business performance. During the discussions with the owner-manager and employees, such information was obtained. They claimed that the firm was doing well even during the recession of 2008-09. The performance was achieved in both firms and in the long term. Yet, it was quite complex to precisely figure out the contribution of this strategy on the business performance. Since multiple strategies were implemented at the same time, these strategies had a compounding effect on the business performance.

In the following interview extract, Bill mentioned about the business performance in the last recession.

**Researcher:** Could you please tell me how the company was performing during the recession?

**Bill:** It was doing good. I have not checked the actual number of customers we served during that particular time. But, I know, the company was managed better, and the company was doing all right. I think we did not have any decrease in the number of customers and income.

Even though Bill was not sure about the exact changes in the case study firm, he was very sure about the growth. To claim business performance in the firm, he did not check the revenue and the number of customers, he just his gut feeling. From his experience, he could say the firm was performing better during the recession of 2008-09. His claim however perfectly agrees with our finding in
Chapter Four (Figure 5), which shows the highest number of customers during the recession. The notion of saying ‘did not have any decrease’ was explicitly expressed to mention business-growth.

In another discussion, Bill further mentioned how the business was behaving in the recessionary periods.

**Researcher:** You said that the company was doing good during the recession. Do you think there were any reasons behind it?
**Bill:** Yea, Chris was doing a great job. We all are trained to give the best services to the customers. We had a training called ‘customer service’ it was about how we can provide better services to our customers. I think that had a great impact on the customers.

Bill told about the customer service training which helped him to realise the importance of the customers and their requirements. The ‘customer service’ training had a positive impact on the employees. As a result, the employees were providing better services and customers were revisiting the case study firm. The notion of mentioning ‘customer service’ training represents the customer-focus strategy. By focusing on the customers and their need, the service delivery process was aligned with business process – see Chapter Four.

This was not a solo example of Bill. Natalie, on the other hand, also felt that the business growth was achieved by focusing on the customers.

**Researcher:** What do you think about the business growth? Could you please tell me how you have achieved it?
**Natalie:** Sales have not gone down, but the number of customers may have gone down a little bit. The system works better definitely – so it may be just a feeling. We were affected because few pubs were shut in the crisis … [Kokoon] was shut, …[Pason] was shut, …[Aabba] was shut, …[Raamssy] was shut. They are out of the business – this definitely affected us. These pubs make a lot of difference – people go to these places on Saturday nights. Still, …we have not lost the business. I think – we care customers, and we are still getting more customers.

Natalie started her conversation of the doubt she had regarding the number of customers they were serving. Her doubt was obvious because the case study firm implemented changes. The firm updated AutoCAB operating system which
is more efficient than the previous one. Then, she told the situation during the recession of 2008-09. In the economic crisis, popular pubs were shutting down, and new ones were not coming up. Therefore, the customers were not mobile as much as they used to be. However, the way customers were coming to the case study firm; the employees did not have any experience of slowdown. The pubs were popular in the study area. Their customers used to use the taxis of the case study firm, especially on Saturday nights. Even though those pubs were shut down in the recession, the total business transaction and the number of customers were steady.

Not only the employees, but the owner-manager also found a huge impact on the business from the customer-focus strategy. So, how did you achieve the business growth? A question was asked to the owner-manager. He answered – 'As I told you before, treat the customer how you like to be treated, focus on them, then you will get more and more customers'.

Above discussion clearly tells that the customer-focus strategy and the related organisation-works had a positive impact on the business performance. Even during the turbulent economic times of 2008-09 when the neighbourhood businesses (pubs) were shutting down, the case study firm was achieving growth. Through the systematic implementation of the customer-focus strategy and by tailoring the customer demands, the firm was able to engage and retain customers. The increasing number of customers during the recession understandably affirms their claim of the business performance – see Chapter Four.

### 7.7 Conclusion

The case study firm achieved growth during the recession of 2008-09 by implementing the customer-focus strategy and associated organisation-works. The firm recognised customers as the main business drivers and tailored its services to meet the customers’ demand. It was very interesting to explore that the case study firm, even being an SME, used a systematic process to implement the customer-focus strategy. Even more impressive was to learn
how the owner-manager contextualised his knowledge to create the business specific customer-focus model. This model does not only include the operational approach but also takes the strategic approach in tailoring the customer demand. Taking both approaches, the firm constantly identified the customer requirements, and restructured the business process and input accordingly.

The main priorities of the case study firm were to provide timely and quality services to its customers. The quality services, freebies, punctuality and duly handling of customer complaints were the associated organisation-works. All these activities were making the firm a customer’s choice. As a result, the firm was successfully recruiting, engaging and retaining customers, and the business was thriving.

The firm achieved business performance during the recession by implementing the customer-focus strategy and associated organisation-works. A question was asked to the owner-manager – what will you do next to make the business grow? He answered – *Hmmm… continue and focus on what we are doing really. Learn in the organisation, invest in people and business process, adapt the changes, and focus on customers. Need to get prepared for the tougher times ahead.* The way the owner-manager put his idea, he was very confident in what he was saying. The notion of saying ‘tougher times ahead’ probably meant the customers are becoming more dynamic and technologies are replacing the old system. However, to achieve business growth, it should make the strategies to ‘fit for the purpose’.
Notes

A This conversation is based on informal conversation with Bill. We were talking about how a taxi firm may increase its customers. Bill expressed his experience of working in taxi companies. Therefore, this information is not specific to the case study firm.

B I had a chat with a customer in the reception of the garage. The customer was there for a winter-check.

C I had a discussion with Chris about Uber. Uber was becoming popular, and that could be one of the threats to the case study firm. However, Chris had different perspective about the operation of Uber. He confidently said – ‘Uber would not affect us. Uber operates in a principle of getting a small percentage of the large market. Therefore, it operates in the large cities with big market. It will affect in cities like London and New York. Even there are only couple of Uber in Birmingham. You may not see any in Leicester. You don’t expect them here. They have few issues already. I know they will sort out those issues soon. Uber’s operational model does not affect us in the foreseeable future.

D I was sitting in a nearby coffee shop where I met two customers of the case study firm. From the conversation, I learnt that both of them were regular customers. They liked the case study firm because of the service they receive. One customer came for winter checkup and another customer was there for vehicle servicing. Interestingly, both of them used the courtesy car facility last time and they found the facility was very useful. However, they were waiting there to get their car fixed.

E Natalie mentioned about blaming issues between the staff. Because the conversation started as soon as we met, I could not manage to make ready voice-recorder. The scripts were written later so the language would have been different than written here.

F In a discussion, Bill mentioned about the complaints – dealing with driver complaint was more difficult than customers’ complaints. Drivers complain that the office staff are unfair. According to their claim, office staff do not try to understand drivers. Bill says – drivers claim they are right and argue without evidence, and they become difficult to handle. I usually ask female staff to help me out.
Chapter Eight: Concluding Remarks

8.1 Introduction

This thesis argues that the case study firm achieved performance in the recession of 2008-09 by implementing three management strategies and associated organisation-works. As discussed in the 'analytical framework' in Chapter Two, those growth-making strategies were 'learning in the organisation', 'restructuring the organisation' and 'customer-focus'. Yet, a closer look revealed that interweaving of these strategies had a mixed impact on the business performance. As we saw in the previous chapters, it is impossible to separate out the impact of each strategy on business performance. Thus, business performance was interpreted taking contextual definitions and subjective and objective measures. While doing so, three major business components – the firm, the owner-manager, and the management strategies – were examined.

As we reflect the success of SMEs and the recession of 2008-09, the case study firm was one of the less than 30 per cent of SMEs achieving growth in the last recession – see Cowling and Liu (2011); Cowling et al. (2015). The 'success' of the case study firm was the main reason why it became the subject of this enquiry. I was interested in investigating the growth phenomena of a successful business in a recession. The owner-manager was eager to find out their organisational efforts and their impact on the business performance. And the purpose of this project was to explore how firms may adapt to adverse trading conditions and potential avenues for future growth. As a result, three parties – the case study firm, the University of Leicester and I (the student) – entered into the agreement to investigate the case study firm and its growth phenomena.

This chapter summarises the main findings and draws the conclusions of this study. Section 8.2 summarises the research project presenting a gap in the literature. It also argues the importance of methodological plurality in researching complexity of SMEs. Similarly, Section 8.3 reviews the key findings of the research. It describes how the case study firm utilised three management
strategies and associated organisation works to achieve business performance in the recession of 2008-09. Then, Section 8.4 and Section 8.5 present implications and limitations of this research. Section 8.6 sheds some light on the need for further research. Finally, Section 8.7 concludes this thesis.

8.2 Understanding the project

First, it is worth looking back to the initial problem that instigated the need for this research. Briefly, as discussed in Section 2.1, this study finds the mainstream literature on business growth has three alignments. The first type of literature discusses business performance in the general economic conditions and describes as a natural growth. The second type of literature looks at the growth of large businesses which takes substantial space in the literature. Finally, the third type of literature discusses SME performance and also examines SME performance in recessionary periods. However, this type of literature takes generic methods and large-scale data to analyse SME performance in a recession. The existing literature lacks the in-depth study of a successful business in a recession. This study addresses such gap by taking a growing firm to investigate its performance during the recession of 2008-09. Further, the underlying complexities of researching SMEs, as Chapter Two demonstrated, shaped a rather distinct methodological framework for this research. Within that framework, the firm, the owner-manager and the management strategies (including organisation-works) became the intent focus of enquiry.

As evidenced earlier, this research is primarily dependent on the owner-manager and his two interdependent businesses. The owner-manager entered into the business world by buying 'Sharon Taxi' firm in 2004. Then he bought 'Anthony Taxi' firm later in 2005. These two taxi firms operated for a few months on their own premises, then Anthony Taxi was moved to the premises of Sharon Taxi and merged. Later in 2006, the owner-manager established 'Anthony Garage' to provide repair and maintenance services to their own vehicles. Sharon Taxi is located in the city centre while Anthony Garage is situated within two miles from Sharon Taxi. Furthermore, these firms are
interdependent and work in a complex network sharing internal (human and physical) and external (human resource advisors, business supports and partnering businesses) resources.

The restructuring activities were still taking place in the case study firm. In 2011, the owner-manager opened Anthony Garage to the public. This change made Anthony Garage seek external customers prompting both firms to recruit, engage and retain customers. As a result, both firms started establishing business networks and developing business relationships. Even some of these business networks were converted into collaborative business partners such as the Good Garage Scheme, FoxyChoice and the AA.

The owner-manager was playing multiple roles in the business – as a leader, manager, company representative, and of course as an employee. As such, management strategies and the organisation-works were revolved around his ideas and concepts. In addition to this, the owner-manager was involved in multiple organisations (in both profit-making and non-profit-making). His academic qualifications, relevant business experiences, and getting involved in professional bodies were some additional factors that helped him to manage the business effectively.

Reflecting back on the methodological lessons we learned, researching such a dynamic organisation with strategic and operational complexities became possible by utilising plural methods as discussed in Chapter Three. The participant action research was found to be the most suitable approach to research a dynamic business like the case study firm. To investigate the growth phenomena in a natural setting, this study employed a case study design. Then, the mixed method strategy was utilised to collect and analyse both qualitative and quantitative data. Following the principles of the participant action research, this study involved the owner-manager and senior employees to design the research, analyse findings, and discuss possible future changes and their impact on the case study firm.
8.3 Contributions and key findings

Here, this thesis contributes to the existing literature in four different ways. Firstly, it challenges the existing understanding of 'business growth' and offers a developmental approach in defining growth in a recession. Existing definitions are very narrow and they fit better in the normal economic situations.

Secondly, this study finds that the existing approaches of measuring growth in terms of 'profits' are narrow. Measuring growth in terms of profit is biased and stereotyped, and it does not include the concept of operating businesses in the modern world. SMEs do not necessarily seek profit as the main objective, so is their perspective in looking at growth. Looking at the weakness of growth-measuring indicators, this thesis presents plural and independent indicators in measuring business performance.

Thirdly, this thesis offers three management strategies and associated organisation-works that help SMEs to achieve growth in the recessionary periods. This thesis illustrates the evidence of business growth from the organisational efforts. Saying so, it does not ignore the role that the external factors may play to shape the business, form strategies and implement the decisions.

Above all, this study fulfils the gap in the literature by providing an in-depth analysis of a successful business in a recession. The existing literature on the business growth has three faces. The first type of literature discusses business performance in the normal economic situations which are not relevant in the context of the recession. The second type of literature considers the large firms while discussing business growth. Since SMEs are not the smaller versions of large firms, this type of literature is not relevant to the SME performance. The third type of literature is somehow relevant to this study, which discusses SME performance in the recessionary periods. Again, those studies take generic methods and large-scale data to analyse SME performance. As such, there is a lack of study of growing business in a recession. This study addresses this gap in the mainstream literature.
8.3.1 Defining growth in a recession

What is business growth? There is a sparsity of definition to examine the growth of businesses in the context of a recession. The existing definitions use phrases like 'increase in size' and 'positive change' to define (describe) business growth. These phrases only make sense in the context of normal economic situations. The recessionary periods are very distinct to the normal economic situations. Thus, the phrases used to describe (define) growth are not able to define business growth in the adverse economic situations.

This study challenges the existing understanding of business growth and purposes a 'developmental approach' to define business growth in the context of a recession. In addition to the positive change in quantity, the 'developmental approach' takes qualitative change or perception into consideration to define business growth. Taking the developmental approach, the growth could be defined based on the confidence and perception in input, process and output of the business. Where, the input includes human and physical resources – employee learning, employee development and investment (including machines, equipment, IT system, property and land). Similarly, the process includes simplification of the business process, delivery process and efficiency improvement. Finally, the output includes product diversification, product quality, customer feedback, networks of connections and business relationships.

That is, growth could be seen as 'sustain' or 'success'. Where, 'sustain' raises multiple questions – what is sustainability? Sustainability of what? Is it about financial sustainability or something else? Again, the definition of growth in terms of success presents multiple questions – success in what sense? Phrases used to define success like 'meeting targets' make the definition misty rather than making it clear. 'Meeting target' could be defined in multiple ways. 'Target' could be anything like profit, turnover, employee development, market extension, or the number of customers.

I do not claim that the developmental approach is free from the criticism, particularly, when it comes to the question of quality. Questions – like Quality of
what? What is quality? How to identify and measure the quality? – are difficult to answer without taking three aspects. Therefore, it is really important to understand these aspects before defining business growth – the person who defines the growth, the objectives of defining growth, and the economic situation in which the business is operated.

To conclude, this thesis offers a new definition of growth in the context of recession. The growth of business in a recession is not only about the numbers and increase in size, but it is also about the improvement in the quality of products/services, employee development and their preparedness for future, and improvement in business processes. Moreover, the growth should be seen in terms of quality in the broader contexts like economic impact, social impact, environmental impact, and even political impact. It is more about how the growth is understood rather than looking at the change in size.

8.3.2 Measuring growth in a recession
A similar question can be raised – how to measure the business performance in a recession? Since growth has contextual meaning, its measurement also becomes contextual. Broadly speaking, profit-making businesses measure their performance based on the profit or cash generation. This approach fundamentally undermines SMEs and their objectives. Again, the measurement of business performance using a single indicator suffers from unreliability, particularly in the context of SMEs. More than this, there are three aspects that affect the output of growth measurement – which indicators to use, what timeframe to consider in measuring growth, and what approaches to employ in comparing the change.

To measure the business performance in a recession, therefore, one should select more than one independent indicator. For example, annual turnover and annual profit could not be used as profit is dependent on turnover, but annual profit and number of employees could be used, as they do not have a direct link.
Answering the questions like ‘what measures should be used in measuring business growth’ is still not straightforward. Therefore, I argue that the growth should be measured using multiple criteria selecting from both quantitative and qualitative indicators. If multiple growth-measuring indicators give similar results, the answer may be accepted undoubtedly. To resolve the contradictory results of different indicators, one could use additional growth measuring indicators or consider the business context. Arguably, quantitative changes are easier to measure. However, how could one measure qualitative changes? Again, the answer is, one should consider three growth-measuring aspects for a reliable result – growth measuring indicators, person measuring growth, and objectives of such measurement. Any alteration in any of these aspects may produce a different result. In addition to the quantitative changes, growth could be measured from qualitative perspectives which could be inside or outside the organisation. Measuring social, environmental, political and economic impacts is the advancement of measuring growth in terms of quality. Of course, it poses a distinct view in measuring growth and invites multiple questions. How to decide whether the firm is growing? As we see, growth for one may not be the growth for others. Another question remains to be answered – how to interpret growth impacts and perceptions?

Furthermore, there is a question of duration. What time period should be used to measure business growth? This study considered taking long-term data. However, the phrase 'long-term' is relative. How to describe long-term? How long is long? Considering the literature and duration of the recession, one may make a decision of duration in the context. Slatter (1992) states 50 per cent businesses shutdown by the age of three; Reid and Garnsey (1996) find 60 per cent business close by the age of ten. Based on this information, it is argued that one should consider at least three years to measuring the business performance. Even though the question should take the context into account, this study examined the data for ten years – two years of the turbulent period and four years before and after the recession.

Besides these two aspects, growth is generally seen from absolute and relative perspectives. These perspectives help to examine business growth as a
standalone or comparative performance. The absolute measure shows the changes in absolute numbers whereas relative growth compares growth in two different time points. This study learned that businesses achieve higher relative growth and lower absolute growth in the early years. As the firms grow, they achieve higher absolute growth and lower relative growth – see Delmar et al. (2003). Such conclusion was drawn from the organic growth of the case study firm. However, a business may still achieve positive performance from non-organic growth – by increasing its catchment area and/or by expanding the business in other geographical areas.

8.3.3 Achieving growth in a recession
What makes a business grow? This question needs to be looked at from two perspectives – internal factors and external factors. The first perspective seeks the evidence of business performance as a result of organisational efforts. Such efforts could be management strategies, business processes, and organisation-works as discussed in Section 2.5.1 – Analytical Framework. Organisational efforts make the business grow in both organic and non-organic ways. Of course, businesses and their strategies (decisions and actions) are affected by the external environment, but this is not the concern here. The concern here is the customer-drain effect. That is, getting the benefits of external changes without putting organisational efforts.

This study learns that SMEs could achieve business growth by implementing three management strategies (learning, restructuring and customer-focus) and associated organisation-works in the recession and beyond. These strategies and organisation-works conjointly act on the background and create a positive effect on the business. Even so, it imposes a challenge. That is because, if multiple strategies co-exist and act simultaneously, then it becomes difficult to delineate the impact of each strategy on the business performance. Here, it is worth to reflect upon the attributes of these management strategies.

Learning in the organisation – first, as we saw in Chapter Five, how learning in the organisation takes place at the individual level through creation (including acquisition) and transformation (including transfer) of skills and knowledge.
Those individuals could be either owner-managers (shareholders) or employees. However, to achieve business growth, individuals need contextual knowledge and/or the knowledge created in the organisation which is also known as post-entry knowledge. That is, the only valuable skills and knowledge for the business are the ones created in the organisation or the knowledge created for the organisational context. This understanding challenges many aspects of learning. The case study firm even sends its employees for external training, so what about their knowledge? What about the knowledge gained from experience in a different organisation? Does the knowledge of the knowledge producing organisations work?

So, what kinds of skills and knowledge are required to make a firm grow? Even though there is no clear-cut answer to this question, this study evidenced that three types of skills and contextual knowledge make the business successful. Those skills are people skills, financial skills and technical skills. Yet, there is no straightforward relationship between learning and business performance. This relationship is indirect; also, there are knock-on effects of one strategy on others. For example, employee learning helps to improve employee performance; improved employee-performance helps to improve business performance; obviously, improved business-performance increases the employee productivity and reduces the expenses. Importantly, these are also other forms of business growth.

What I found really important here is creating the context-specific knowledge from learning. The skills and knowledge should be extremely contextual. Wherever employees learn, whatever they learn or whenever they learn, the very important part that makes the business successful is the contextualisation of their knowledge into the business situation. Without being extremely situation-specific, any skills and knowledge do not help to make the business grow. The knowledge only makes sense, if it can be transformed into the business situation. ‘Who knows what’ does not matter, if that is not contextualised.
As discussed in Chapter Four, employee learning is accepted as a business performance. If so, what will happen when a qualified employee leaves the company? Could that still be called growth? If not, how could it be measured? To answer these questions, one needs to understand the business context first. A remark for SMEs here is small businesses may store (bank) the skills and knowledge in the company. The banked skills and knowledge could be transferred to the new employees, so the company continuously achieves performance. In this way, a business could prepare itself for changes. For SMEs, questions could still be raised – how can a small business do so? Won’t they be constrained by their limited resources and ad-hoc approaches? Again, these questions could only be answered in the given business environment.

Restructuring the organisation – it was revealed that SMEs achieve business performance by implementing ‘restructuring the organisation strategy’. Taking this further, it could be argued that SMEs run with limited resources and therefore, implementation of the holistic restructuring strategy is challenging. One may ask questions like – what areas SMEs need to focus on? Are there any certainties of achieving growth and maintaining further growth? Does a ‘best practice’ approach fit for the small businesses? Well, these are very context-specific questions, and hence they should be answered considering the business situation. Without contextualising the strategy and associated organisation-works, the answer will not make much sense. Therefore, any restructuring practices and strategies should fit with the purpose of the organisation.

Furthermore, we learned that any firm seeking business growth needs to implement a strategy implementation process. At this point, it is worth recalling the three-step business process discussed in Chapter Six – seeking for change, taking actions and tracking changes, and implementing corrections. Yet, it is still challenging to answer the questions like – what is the relationship between business performances and restructuring strategy? As mentioned earlier, answering this question is difficult because different strategies and organisation-works are interwoven, and they have a combined impact on the business performance.
As a part of implementing the restructuring strategy and achieving business growth, the case study firm developed networks of connections and used those networks to establish the business relationship. However, looking at a depth of business network and business relationships, a few questions arise – where does the network start from? What type of network should a firm need to start with? What type of network has more impact on the business performance? As this study has shown, answering these questions in advance help to shape the restructuring strategy and implementation process.

It is very important to reiterate here that other than contextual restructuring processes and activities, any efforts for change would not help to achieve business performance. Planning for change and aligning the plans with change process are better options, a firm may implement to achieve business growth. So, what the company did was it contextualised all the changes explicitly to their business environment.

**Customer-focus** – furthermore, this study showed that the ‘customer-focus strategy’ helps businesses to improve their performance. However, it seems paradoxical in the context of small businesses. SMEs, on the one hand, run with limited resources, and on the other hand, they need to implement a customer-focus strategy which requires further investment. If so, how can an SME invest in the activities to focus on customers? It seems convincing that, before starting a business, companies may investigate customer-demand and aim to supply their desired products/services accordingly. However, for an existing business, supplying the products/services as per customer-demand is a cumbersome task; that is, focusing on the customer is challenging.

In this sense, what can be the meaning of customer-focus? The answers may vary in different situations. But in a straightforward way, it could simply mean making the customer satisfied. This can be done in a number of different ways – change product design, diversify products/services, give promotional offers, introduce customer loyalty, provide courtesy cars, provide vehicle pick-up and drop-off facility, become accessible for the customers, communicate effectively, provide freebies, and so on.
How to implement the customer-focus strategy then? Well, this depends on the business circumstances again. Here, the customer-focus model, as discussed in Chapter Seven, can be a useful tool. As we recall, the customer-focus model with two approaches and three stages is a comprehensive tool to implement the strategy. The strategic approach examines customer-demands, existing employees, and existing physical resources. This helps to explore the gap between customer-demand and company supply, required resources and existing resources, and required business processes and existing processes. This covers all three stages and flows from the output to the input (output-process-input). The operational approach starts from the input and ends at the output (input-process-output) by implementing the changes in resources, business processes and services/products. In this way, a firm could perform rigorous checks and balances of its business process.

Yet, implementing the customer-focus strategy might not be as simple as it may seem. One may argue by asking few practical questions, how can small firms implement the customer-focus strategy if they have limited resources? Considering the innovations and technologies, how small businesses supply customer demand? Wouldn't it require a large investment? The answers to these questions may not be as simple as ‘buy from eBay™’. Moreover, questions related to the pricing are also challenging and may not be answered as easily as 'a bit cheaper and a bit better'. How can a firm supply quality products/services at lower prices? While talking about 'prices' and 'services', it evokes a subjective interpretation, cheap for one may be expensive for others.

What we learned from the implementation of the customer-focus strategy is contextualisation. The customer-focus model was the revised version of the business excellence model. The model was not only remade, but also the process and objectives were contextualised. Any implementation step or model only works if they are intensely contextualised to the situation.

Moreover, drawing all the strategies together, we could argue that strategies alone do not make a business successful – the important parts of the processes are highly contextualising to the situation and implementing the strategies
systematically. The strategies must be ‘fit for the purpose’. Performance may not be achieved only by implementing appropriate strategies in a systematic way. A question emerges, why not? The answer may be straightforward – because they may be ‘fishing in the same pool’. Here, the 'pool' is a metaphor of market. To achieve business performance, one needs to have a 'bigger pool ' or needs to go to 'other pools'. Yet, this relates to the perspectives for looking at performance – absolute or relative, growth or development, and short-term or long-term.

8.4 Research implications
At this point, it is worth recapitulating the significance of studying SMEs. It is mainly because SMEs are accepted as the backbone of the national economies. They play a vital role in creating jobs and generating the economy. SMEs also help the local economy by using local resources, supplying local demands and feeding large organisations. However, researching SMEs is a complex phenomenon. Usually, the owner-managers work on tight schedule, they have limited resources, and they do not see much value in research. As a consequence, finding successful SMEs and getting the access to research are very rare. For obvious reasons, SMEs are more prone to the economic crises. The success rate is less than one in five. Above all, this research has taken a successful SME is the recession of 2008-09 and studied its growth phenomena.

Therefore, this research has multiple implications for owner-managers, academics, policymakers, investors, and supporting organisations.

Owner-managers – the owner-manager of the case study firm will have a significant implication of this research. Since the owner-manager was involved in the project, he could use the findings to compare the business circumstances then and now and to implement in the future similar situations. The analytical framework (see sub-section 2.5.1) and the business process (section 4.7) will help the owner-manager to develop a better understanding of the business and its process processes. This research also has implications for other SMEs; they
will get benefit from this research by taking the growth-making strategies and contextualising to their business situations.

Academics – the outcome of this research will be beneficial for academics. The study presents evidence of how an SME achieve business performance during the financially turbulent times by implementing various management strategies and organisation-works. Taking these findings further, academics could research other businesses and theorise the concept. Academics, being the main feeder for government policies, could use this real-life knowledge to suggest and form growth-friendly policies.

Policy implication – this research will have policy implications. It is evidenced that the UK government is encouraging SMEs to scale up (also start-up) since the 1970s (Wainwright et al., 2013). Even though this research revealed that SMEs could achieve business growth from organisational efforts despite adverse external situations, growth-friendly policies and practices will boost up the business performance. However, getting evidence-based information is challenging in the small business sector due to the lack of research accessibility. Importantly, This research provides evidence-based practical approaches in making SMEs successful in a recession. Therefore, the findings of this research will help in creating context-specific SME growth-friendly policies. For instance, rather than pouring the money into businesses, the government should provide context-specific advisory support.

Business supporters – the evidence shows that SMEs buy business advice when they face difficulties or plan to grow their businesses and the trend of getting advice has been increased since the early 1970s. However, those advices were polarised towards accounting and technology. That is, SMEs take advice for specific purposes. Therefore, this research will have substantial implications for the business advisors and supporters, as they should be in a position to provide context-specific and tailored support to help SMEs grow. This research presents how skills and knowledge could be transferred and transformed inter- and intra-organisations.
Last but not least, this research could be of interest to lenders and investors. To establish businesses and achieve performance, SMEs need funding which is arranged from either lenders or investors. Thus, it is their responsibility to investigate the appropriateness of strategies in the context. To analyse strategies and organisation-works, financial institutions could use evidence-based empirical knowledge from this thesis. This research, of course, helps lenders understand the businesses in advance.

8.5 Research limitations

Now it may be worthwhile to look back into the lessons we learned from this study. This research took a case study firm with two interdependent businesses. These businesses are owned and managed by a single owner-manager. The case study firm was operated in a context, and the management strategies and the organisation-works were appropriate to the firm. The conclusions made here are, therefore ‘limiting’. It is limiting in the sense that the findings may not be automatically transferable to other business contexts. This invites the need for further study to gather more evidence. So, the findings of this research could be theorised.

Other limitations of this study are related to the methods of data collection and analysis. Despite having full access to the case study firm, only those data were collected which were shared by the research participants and seen by the researcher. By talking to people, shadowing the owner-manager, observing and extracting secondary data, we made sense of what was happening out there. Yet, it is beyond our knowledge and capacity to know if there are business processes that are unobservable, invisible or take place outside the business premises. Having said that, it is a mere belief of the researcher that what is gathered from observations and interviews is leading to truthful conclusions.

Furthermore, the majority of data in this study is qualitative, sourced from interviews. Inevitably, the interpretation of such data is prone to the subjectivity of the researcher. The models, structures and systems that are developed from the data are based on the interpretation of the researcher. Thus, it is fair to say,
I interpreted and emphasised words and issues in a way that made sense to me in pursuit of truth.

This study employed the participant action research as the main approach. I was involved in the research as a facilitator – observing and collecting data, and asking concerned people. Even though I was involved in the business activities, my role was to gather information about the business by observing and interviewing what was happening out there. Even this approach limited me from understanding the business as an insider. The shadow of the researcher was present, as it will always be if the interview is the primary method of data collection. As Lightfoot (1998:246) states, “the dream of the pure, untouched naturalistic data [...] will be clearly impossible in these small firms where even the most discreet observer will form a hulking presence among two or three people within the business”.

8.6 Future research
Now, it may be worth revisiting the conclusions made in Chapter Two. In the UK, SMEs play a vital role in the national economy, and they are accepted as the economic backbone of the nation. More than 5.5 million SMEs account above 99 per cent of total businesses. They provide a substantial number of employees and contribute significantly to the national turnover. Even so, priority is not given to this sector (Storey, 2010) and there exists a gap in the research. Any research in the SMEs field will, therefore, be invaluable for the economic stability of the nation. Evidence shows that making SMEs successful in a recession is difficult. Hardly 30 per cent of SMEs performed better during the recession of 2008-09 (Cowling and Liu, 2011). More studies will undoubtedly shed light on the growth phenomena of SMEs during financially unstable times. It would be particularly interesting to have in-depth studies of SMEs that generate more evidence.

Therefore, future research needs to address the above-discussed limitations by using alternative methods, identifying growth-making strategies in other small businesses, and theorising the findings. That is, to scale up this research, the
future studies should focus on other successful businesses from different locations, different sizes and different types.

The participant action research, of course, enabled the researcher to look at the business process more intensively. But, the sense of ‘observer’, ‘outsider’ or the shadow of the researcher remained. In that sense, it might be interesting to take an ethnographic approach to study business growth phenomena. Moreover, it would be interesting to employ the experimental action research to implement the management strategies explored in this study and examine whether the firm generates business growth. The findings could, therefore, help to theorise SME growth phenomena in a recession.

8.7 Conclusion
This research identified three management strategies and associated organisation-works that made the case study firm grow in the recession of 2008-09. Those strategies were learning in the organisation, restructuring the organisation and customer-focus. Digging down the strategies and their impact, we saw that those strategies were interwoven and coexisted causing a positive impact on the business performance.

Achieving business growth continuously in a marketplace may be analysed from relative and absolute perspectives. However, the result depends upon three factors – growth-measuring indicators, person measuring growth and objectives of measurement. The growth in a small business can be seen in two ways. One argument takes stage-based growth model – when a small business becomes older, it becomes known to the local people with its brand. Their brand makes them easier to market their services. So the growth could be achieved. However, there is another argument – whether a small business grows in a limited marketplace. Doing the same job, at the same place for a long time, it does not bring extra business – it becomes like 'fishing in the same pool'.

Taking the second argument further, an SME may achieve business growth from the non-organic approach. The possible options could be opening
branches in other sites and diversifying the services or providing specialist services. By doing these activities, a firm gets new customers in different areas or specialist services. Moreover, one may achieve performance by adding small things like introducing loyalty cards, offering promotions and giving money off to the regular customers. All these activities come within three management strategies. If there are skills and knowledge to learn, areas to restructure, and ideas to focus on the customers, then it is possible to achieve business performance. What one should do is – contextualise and implement.
Notes

A  'eBay' is used as a metaphor of buying products from online sources. From where, normally you get products in cheaper price.

B  'Pool' is used as metaphor of market area. The market area presents many limitations – the limitation of customers, the limitation of their economic situation, the limitation of external resources, the limitation of specialised services, and the limitation of suppliers and competitors.
Annex A: Research participants

The owner-manager
Chris – the owner-manager of Sharon Taxi and Anthony Garage

Employees
Lucy – senior employee, Sharon Taxi and Anthony Garage
Eric – senior employee, Sharon Taxi and Anthony Garage
Jack – senior employee, Anthony Garage and Sharon Taxi
Hailey – junior employee, Anthony Garage and Sharon Taxi
George – senior employee, Anthony Garage
Bill – senior employee, Shorn taxi
Natalie – junior employee, Sharon Taxi
David – taxi driver, Sharon Taxi
Harry – taxi driver, Sharon Taxi

Other businesses/organisations
Raj – owner of a franchised small business
Lee – driver of Euro Car Parts
Linda – waiter of a local restaurant
Igor – Premier MoT Training

Customers
Nina – customer, vehicle servicing
Ian – customer, MoT certificate
Mark – taxi customer

Business advisor
Sam – HR advisor, local recruitment agent
Annex B: Interview questions

Questions for the Owner-Manager

General questions
• How do you define and measure business performance?
• How did you achieve business growth?
• Could you please tell me about your growth and others' struggle?
• Please tell me why some businesses were closed just after establishing?
• What kind of relationship do you establish with trade organisations?
• Could you please tell me why you work for multiple organisations?
• Please tell me about employee management in a recession?

Learning related questions
• How can you say employee-learning affects to business performance?
• Could you please tell why do you gain skills and knowledge?
• What benefits do you get by working in non-profit-making organisations?
• What should your employees learn regularly?
• Can you please tell me about the success of your business?
• Can you please give me example of how you contextualise the knowledge?

Restructuring related questions
• Please tell me something about the business-process?
• What changes have you implemented in your business? Any impacts?
• Why do you use expert advice in recruiting employees?
• What impact of changes have you seen in the business?
• Why and how do you develop business network?
• Do you find any relation between service diversification and turnover?
• You are extending the business – how big investment will it be?
• Can you please tell me why you implement changes in this business?
• Please tell me about taxi deregulation and its impact in your business.
• Please tell me about different staff meeting – what do you talk there?

Customer-focus related questions
• Can you please tell me about your customer-focus strategy?
• Can you please tell me about the business excellence model?
• Can you please tell me when did you start focussing on customers?
• Do you think customer-focus approach is helping to get more customers?
• What do your customers choose 'saving money' or 'quality services'?
• Do you have any formal CSR policy?
• How can you define catchment areas of taxi firm and garage business?
• How can you diversify services continuously?
Questions to employees

General questions
• Can you please tell me how often you meet with Chris?
• Can you please tell me what particular areas you discuss in the meeting?
• Do you get involved in any planning or decision-making activities?
• Please tell me what you know about the company in this short time?
• Can you please tell me how do you describe the growth in this business?
• Please tell me about the business performance in the last recession?
• Can you please tell me a brief history of this company?

Learning related questions
• Can you please tell me about your growth and development here?
• Have you ever attended any training courses by your own will?
• What courses do you recommend to junior staff and how do you do so?
• Please tell me the courses you attended since joining this company.
• Could you please tell me what different methods you use to learn?
• Please tell me about what you learnt with your previous employment?
• Can you tell me whether you get your salary/wages during the training?
• You mentioned – employees must learn. If they don’t, any consequences?
• Please tell me about the cost and duration of customer service training.

Restructuring related question
• Can you please tell me the changes you noticed in this company?
• Can you tell me about business plans? When do you make them?
• Could you please explain the targets of the company and employees?
• Can you please describe the changes on the number of customers?
• Can you please tell me how you do advertising or marketing activities?
• How do you measure the performance of this business?
• Can you please tell me the changes in the AutoCAB operating system?
• Can you please say something about the taxi licence deregulation?
• What changes did you notice during the last recession?

Customer-focus related questions
• How do you recruit customers?
• Can you please tell me how you can make customers call again?
• What do you do to deliver services and engage customers?
• Do you think there are any other chances to get more customers?
• Can you please tell me how you handle customer complaints?
• Can you please tell me about customer demand and your supply?
• Chris was doing taxi service on Monday. How often does he do it?
• Do you get involve in pricing decisions?
Annex C: Growth measuring equations

To measure the quantitative change, following equations were used.

**Absolute non-financial performance** – following equation was used to calculate non-financial differences in two different financial years.

\[ A_{nfp} = N_{cy} - N_{by} \] \hspace{1cm} (I)

Where,
- \( A_{nfp} \) = Absolute non-financial performance
- \( N_{cy} \) = Number at the end year
- \( N_{by} \) = Number at the base year

**Absolute financial performance** – following equation was used to compute the financial differences in two different financial periods.

\[ A_{fp} = V_{cy} - V_{by} \] \hspace{1cm} (II)

Where,
- \( A_{fp} \) = Absolute financial performance
- \( V_{cy} \) = Value at the end year
- \( V_{by} \) = Value at the base year

**Relative non-financial performance** – to examine a relative non-financial performance, following equation was used.

\[ R_{nfp} = \left( \frac{N_{cy} - N_{by}}{N_{by}} \right) \times 100 \] \hspace{1cm} (III)

Where,
- \( R_{nfp} \) = Relative non-financial performance
- \( N_{cy} \) = Number at the end year
- \( N_{by} \) = Number at the base year

**Relative financial performance** – following equation was used to compute relative financial differences in two different time periods.

\[ R_{fp} = \left( \frac{V_{cy} - V_{by}}{V_{by}} \right) \times 100 \] \hspace{1cm} (IV)

Where,
- \( R_{fp} \) = Relative financial performance
- \( V_{cy} \) = Value at the end year
- \( V_{by} \) = Value at the base year

**Relative market-share** – by using the following equation, relative market share data were computed.

\[ M_s = \left( \frac{(N_{ir} - N_{ic})}{N_{ir}} \right) \times 100 \] \hspace{1cm} (V)

Where
- \( M_s \) = Market share
- \( N_{ir} \) = Number of taxis counted on the road
- \( N_{ic} \) = Number of taxis of the case study firm on the road
**Average performance** – to compute average in both financial and non-financial data, following equation was used.

\[
A_g = \frac{(N_{y1} + N_{y2} + \ldots + N_{yn})}{TN_{yn}} \quad (V)
\]

Where,

- \(A_g\) = Average,
- \(N_{y1}, N_{y2}, \ldots, N_{yn}\) = Number of year 1, number of year 2.., number of year n
- \(TN_{yn}\) = Total number of years
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