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## CHAPTER 1

# BACKGROUND OF THE STUDY

### 1.1 Introduction

The aim of this study was to investigate the leadership styles of black top managers in South African State-owned Enterprises (SOEs) and their relationship with employee commitment as well as business performance, while recognising the possible role of the manager's span of control. This chapter presents the background of the study. It also contains a discussion of the problem and definitions of relevant terms. Furthermore, the chapter explains the aims and importance of conducting this research and concludes with an outline of proposed chapters that form the necessary framework for the study.

### 1.2 Background

South Africa has diverse groups of people in its society. In a broad sense, this population consists of black people (African, Coloured and Asian/Indian people) and white people. Black people constitute 91.0% of the South African population (African 79.5%; Coloured 9.0%; and Indian/Asian 2.5%) while white people make up 9.0% (Statistics South Africa, 2012:24). Amongst these groups, as would be expected, there are different races, cultures, religions and genders.

During the apartheid era, the National Party government in South Africa enforced a system of legal racial segregation to classify South Africans into racial groups ("black", "white", "Coloured", and "Indian"). Various legislations dictated where people could live, trade or socialise. The government segregated education, medical care, and other public services, and provided black people with services that are inferior to those of white people (Denton & Vloeberghs, 2003:84).

A separate system of education was established for black students, and this was implemented through separate primary schools, secondary schools and universities. Much of the educational curriculum utilised in "black schools" was principally designed to prepare black people for lives as members of a labouring class. In a similar vein, black people were not allowed to run businesses or

professional practices in those areas designated as "white South Africa" without a permit. Instead, they had to move to the black homelands and set up businesses and practices there (Denton & Vloeberghs, 2003:84).

Owing to the relatively inferior educational system, black people seemed to lack knowledge of formal leadership and business principles, which are central to managerial performance. They were also barred from employing white people, and this arguably closed the avenue for the tapping of skills through acquaintance at a managerial level in the workplace. The consequence of this appears to be that black people continued to function with a very limited managerial skills set and a narrow scope of organisational leadership knowledge.

The result of this handicap was that the majority of black people could not enter nor advance into certain positions and/or occupations in organisations. The restrictions applied mostly to technical occupations and managerial-level positions. The situation resulted in most black people therefore participating in relatively low-level work with low wages.

This pattern became so entrenched that even when skilled or educated black people entered into organisations, white men were already occupying the majority of the top management positions. As a result, the labour market was such that black men continued to undertake unskilled jobs while white men occupied skilled, professional and managerial positions. Similarly, black women worked as labourers in factories or as domestic servants, whereas their white counterparts were employed as administrators, nurses, and teachers (Literall & Nkomo, 2005:563).

The dawn of the democratic dispensation in 1994 saw the African National Congress (ANC) take over the reins of the South African government. The ANC (a predominantly black political party) inherited many organisations with discriminatory employment policies and practices based on race, gender and disability. Hence, initiatives and measures were developed and began to be implemented to remove the discriminatory practices and policies with a view to redressing their effects. The Employment Equity Act (EEA) is seen as one vehicle to redress some of the economic injustices of apartheid policies.

In order to increase the number of black people, female and disabled persons in middle and top management levels in a workplace as well as significantly decrease income inequalities, the Employment Equity Act of 1998 (EEA) was adopted (Literall & Nkomo, 2005:563). The EEA ensures that suitably qualified persons in designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer.

According to the act, “suitably qualified designated groups” is a reference to persons with formal qualifications, prior learning, relevant experience and capacity to acquire within a reasonable time the ability to do the job. The act also identified designated employers as:

- those who employ 50 or more employees;
- those who employ less than 50 employees, but have the applicable annual turnover of a small business in terms of Schedule 4 of the Employment Equity Act;
- those bound by a collective agreement or appointed as a designated employer in terms of the Employment Equity Act;
- municipalities; and
- organs of states.

The EEA is intended to contribute directly to workplace transformation by bringing about a substantial increase in the number of black people at the middle and top management levels in the workplace so as to have a true reflection of the country’s demographics at all levels of management. In effect, the EEA is meant to create opportunities for black people, women and disabled people who were previously politically and economically disadvantaged.

In order to do so, affirmative action policies (AA) have been put in place to fast-track the movement of black employees into the corporate executive ranks. Affirmative action is described as a dynamic compensatory process whereby corrective measures and efforts are introduced to include victims and targets of previous discrimination and deprivation. It also includes the development and

management of people in the workplace and the eradication of racism and sexism (Visagie, 1999:157).

Thomas (2002:242) suggests that AA is a widely recognised tenet for promoting the equal opportunities concept in societies that suffered as a result of discriminatory practices. It has also been used as an instrument for redressing unfair discriminatory practices against race groups by countries in North America (USA and Canada), South America (Brazil), South Asia (India and Sri Lanka), East Asia (China and Japan), South East Asia and Oceania (Malaysia and New Zealand) as well as in Finland, France, Germany, Norway, Sweden, the United Kingdom, the Republic of Macedonia and Slovakia.

The driving motive for the implementation of such a policy is for those who had been unfairly discriminated against to access the full benefits of an equitable employment environment. The AA policy also invariably serves as a mechanism for reducing the shortage of high-level skilled workers and acts as a practical means for providing for the shortage of management skills and schooled labour among particular groups.

Currently in South Africa, organisations are required to strive for a labour force that consists of 80% black people across employee ranks at all levels of management, somewhat in consonance with South African demographics (McFarlin, Coster & Mogale-Pretorius, 1999:65). This is not without its challenges. Indeed, as noted by Luthans, Van Wyk and Walumbwa (2004:515), the influx of more black South Africans into all levels of organisations and the resulting cultural diversity needs careful attention and proactive management.

For the organisation, this implies a change of enterprise culture; reconceptualising appropriate leadership styles; restructuring the enterprise; and developing management and staff to work and advance in enterprises that are very different from what they used to be (Visagie, 1999:158). This is because the apartheid policy prohibited the mutual understanding of the country's richly diverse cultures (Denton & Vloeberg, 2003:84; Howitz, 1996:11).

In the light of this, it becomes clear that organisations stand to benefit from appointing managers from race groups that had previously been disadvantaged

(McCuiston & Wooldridge, 2004:74; Finestone & Snyman, 2005:134). The touted benefits are, however, likely to crystallise only when those appointed exhibit effective leadership qualities that not only contribute satisfactorily to the business performance, but also serve to inspire, nurture and grow employees from previously disadvantaged groups to aspire to top management positions, thereby enhancing employee commitment.

While the need for instituting some redress mechanism is generally acknowledged, the effectiveness of the EEA remains a topical issue of discourse in South Africa. It is against this background that it becomes obvious that in order to be effective, the paradigm shift in government's policy focus in South Africa requires system thinking, employee empowerment, effective leadership, communication, sensitive and healthy organisational culture and specific change management techniques (Denton & Vloeberghs, 2003; Lombard & Schoeman, 2002; Thomas & Lindsay, 2003; Viljoen & Rothman, 2002).

Though this view suggests a cocktail of factors that would impact upon the effectiveness of the EEA, it seems plausible that most of these factors can be addressed by effective leadership in state-owned enterprises (SOEs). The issue of corporate leadership is particularly instructive for the South African society because of the race-skewed form of leadership in the corporate environment. Furthermore, the cultural and racial diversity of the South African nation presents its own challenges and amplifies the need for managers or indeed leaders drawn from the broad mix of race groups in South Africa, especially the black group that had been previously disadvantaged, to adapt quickly in order to enable performance.

Since the unique cultural history of South Africa produces unique behaviours on the part of managers of black people and white racial heritage (Literall & Nkomo, 2005:563), it becomes necessary to investigate the leadership styles of black top managers. The aim is to determine a possible association between black top managers' leadership styles and employee commitment as well as business performance in South African state-owned enterprises.

South African state-owned enterprises (SOEs) are organisations that are established to provide social goods and services to the country's population to

ensure quality of life. They are owned and controlled by the government of the Republic of South Africa. The government is a policy maker and the SOEs are charged with the responsibilities of implementing and delivering certain outputs in line with policies. The SOEs operate within the framework of a variety of legislation including, inter alia, the Public Finance Management Act (PFMA) and the Companies Act 61 of 1973, as amended.

The PFMA (2010:8) established the term “national government business enterprise”, and is defined in Section 1 as an entity that:

- is a juristic person under the ownership control of the national executive;
- has been assigned financial and operational authority to carry on a business activity;
- has the principal business of providing goods or services in accordance with ordinary business principles; and
- is financed fully or substantially from sources other than the National Revenue Fund or by way of tax, levy or other statutory money.

All national government business enterprises are by definition “national public entities” as described and referred to in the PFMA, of which some are companies and some not. The Companies Act, 2008, as amended, established the term “state-owned company”, which is defined in Section 1 as “...an enterprise that is registered in terms of this Act as a company, and is either listed as a public entity in Schedule 2 or 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); or is owned by a municipality, as contemplated in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and is otherwise similar to an enterprise”. The SOEs owned by municipalities are not considered in this study.

SOEs can be commercial and non-commercial in nature and their finance overlaps between being fully funded by government and own funding from business operations. According to the terms of reference in the green paper (2010:5), they are categorised at the top level; the general government entities (largely government departments and agencies that are non-commercial in nature and depend on government for funding); government enterprises (public entities that operate like a private business and may or may not be funded by government); and

thirdly public sphere institutions that are also largely non-commercial and fully funded by government. For the purpose of this study, all the levels will be considered.

The ministers as executive authorities of SOEs appoint the chief operating officers (CEOs) and have to ensure that they possess the necessary skills to guide the SOEs. They consult with the board about their preferred candidates. The board ensures that the SOEs comply with the provisions of the EEA, which obliges it to allow the development of the EE plan and report on the progress in achievement of the objectives set out in the SOE's plan. The appointments may be political, influencing the execution of the SOE's strategy and fulfilment of their mandates negatively (Thomas, 2012:450).

The black top managers, whose appointments are perceived to be somewhat misaligned, are accountable for the SOE's performance, which is measured against the strategic plan and budget plan. In measuring the performance levels in relation to the requirements of the shareholders, the board reviews the size of the organisation, mix of skills, expertise, experience and other qualities. Notwithstanding the factors that impact the performance of SOEs, it is in addition affected by an inadequate governance framework and an imbalance of the commercial, developmental, and shareholder objectives imposed on them (Mbo & Adjazi, 2017:409; Bortolotti & Pinotti, 2008:331).

The occurrence of SOEs dealing with the leadership and financial crisis in South Africa threatens to weaken the state-sponsored and SOE-driven infrastructure spending programme (Lund, 2012:22). Baygan-Robinett's (2004) study on government-led industrial restructuring in transition economies, which looked at the fundamental problems facing the SOEs, concludes that challenges in SOEs are attributed to poor operational and financial performance. It also becomes evident in research (Chong & López-de-Silanes, 2003a; Van der Merwe, 2006; Bose, 2011; Marrez, 2015) that has shown a lack of confidence in SOEs due to the global financial crisis, high-profile corruption scandals, monumental waste of resources and bankruptcy. As a result, the continuous need to support the failing SOEs distorts the financial systems and monetary policy at times, contributing to a macro-economic crisis (World Bank, 2006:3). It can therefore be seen that SOEs are

generally associated with a dark history of poor performance and this results in constant pressure on them to improve performance (Mbo & Adjasi, 2013:3).

Mbo and Adjasi (2017:406) argue that existing studies, such as those by Boko and YuanJan (2011), Mwaura, (2007), Kikeri and Kolo, (2006), and Fritz and Menocal, (2006), have taken a narrow view of merely focusing on the prevailing SOE inefficiencies instead of focusing on the drivers of performance to improve the performance of SOEs. Black top managers are increasingly becoming charged with the responsibility of ensuring that SOEs become successful in providing services to the South African populace. They are therefore the drivers of business performance within the South African economic landscape. It is for these reasons that this study focused on how their leadership behaviour acts as a driver of performance by influencing commitment of employees towards achieving desired business performance objectives; with due consideration for the manager's span of control.

Daft (2011:372) writes that superior performance is not a matter of luck, but of the decisions that leaders make. The evidence is found in their roles as the key decision makers in determining the acquisition, developing and deploying resources, converting these resources into valuable products and services as well as delivering value to organisational stakeholders (Rowe, 2001:81). Thus, leadership behaviour is gradually being seen as the key source of strength in organisations that contributes positively to business performance.

### **1.3 Research problem**

According to Statistics South Africa (2012:24), black people constitute 90.1% and white people 9.9% of the Economically Active Population (EAP) in South Africa. However, representation of black people at top management level amounts to 27.6% (black 14.3%, Coloured 4.7% and Indian 8.6%) as compared to 68.9% for their white counterparts (Commission for Employment Equity Report, 2016:12). This is due to legislation applied during the apartheid era that excluded black people from top management positions in South African organisations, thereby effectively depriving them of the opportunity to gain leadership potential from working interactively with other racial groups at a managerial level.



This imbalance has clearly produced a distinct problem, given the racial dispersion of the South African workforce, as noted earlier. The current South African government seeks to correct this imbalance by giving every deserving South African citizen an opportunity to participate in all managerial levels of organisations. As a result, EEA and EE were introduced as mechanisms to correct the imbalance. The underlying belief is that South African organisations should reflect the distinct South African demographics.

The EEA and EE policies aim to fast-track the upward mobility of black managers in the public and private sectors. However, the deprivation of black people from skills acquisition and development created a limited base from which black managers could be drawn (Howitz, 1996:11). Therefore, the policies stipulate that managers who show leadership potential should be promoted to leadership positions with the aim of further development and training. In order to do so, employers are obliged to have EE plans and reports submitted annually to the Department of Labour.

The EE plan shows the organisation's annual and five-year target, while the report provides explanations of the actual progress of the implementation (Leonard & Grobler, 2006:395). The latter is required from all organisations, failing which they will be liable to a fine by the Labour Court. According to the Commission for Employment Equity Report (2016:7), the public sector as compared to the private sector is closer to achieving the proportional "economically active" race representation targets in top management as 73.2% are black, 7.4% Coloured, 6.5% Indian, 12.6% white and fewer than 1% foreign nationals. It is also stated in the report that SOEs are leading with regard to black top managers' representation of 74.3% (African, 56.6%; Coloured, 7.1%; Indian, 10.6%)

The pressure, with regard to reporting, forces organisations to focus on presenting favourable statistics in order to gain the approval of the Department of Labour, and this has led to popular debates about the credibility of EEA (Leonard & Grobler, 2006:395). The following are some of the issues that emerged during the introduction of these policies (Thomas, 2002:240):

- Token appointments of people who lack the necessary skills led to a decline in service levels.

- Diversity created by strategies to achieve employment equity has been regarded as a response to moral or legal compliance issues rather than business performance issues.
- Training and development arising from performance management to assist employees into becoming fully productive employees has been poor.

Charan, Drotter, and Noel (2001:3) note that finding the right types of managers with the right types of leadership skills is increasingly becoming a difficult task for organisations. Hence, people in organisations are being promoted with the expectation that they have the knowledge and skills to handle the job rather than the knowledge and skills to cope with a particular level of leadership. This leads to organisations being “over-managed and under-led” (Silcox, Boyd & MacNeill, 2015:28). The situation becomes even worse when managers are expected to oversee a relatively large pool of subordinates. This is because in such a situation the ability of the manager to exercise substantial and peculiar influence on each subordinate can be diluted and this ultimately encumbers business performance.

Against this background, there is a valid concern that black top managers might not necessarily be providing the required leadership to improve employees’ commitment to the organisation and enhance business performance. The concern is that in accordance with EEA, organisations may be appointing managers who are taking up the role of leadership, but end up not being able to lead. Shelton and Darling (2000:164) contend that leadership is a skill that managers must develop and nurture in order to be effective. However, once the skill is developed, the real challenge at top management level is to combine strong leadership skills with strong management skills. In other words, the process required for the development of leadership capacity has the effect that managers cannot just fit into the shoes of leaders by virtue of their elevation to top positions.

Due to the EE and EEA, most black top managers have inadvertently assumed top leadership positions in South African SOEs. Given their positions, they are expected to display leadership styles that are beneficial to employees and business performance. Essentially, it would seem that managers can only be effective when they have acquired relevant leadership skills that lend themselves to leadership styles either through experience or education and training. While having black top

managers that display appreciable leadership styles remains desirable, the reality is that this cohort of persons may not always be available in organisations. Indeed, there is some chance that many managers might not be providing the necessary leadership to employees that should result in employee commitment and improved business performance. The consequences of the latter scenario can be dire on the economic, political and social front both of business organisations and the South African society at large.

From a literary perspective, while the knowledge base in the leadership spectrum has been established, it is imperative to note that the majority of its content stems from Anglo-American societies. Hallinger (2018) notes an imbalance skewed towards Western literature possibly because African leadership knowledge is still in its embryonic phases. This indicates that Africans in leadership positions could be inclined towards the adoption of practices suited to the western culture.

Notwithstanding the current South African leadership studies which focused on the characteristics of managers as well as the leadership styles preferred by employees (Booyesen, 2000; Kets de Vries, Sexton & Ellen; Lee, 2011:224; Kriel, 2010:63), the need for a more profound understanding of the leadership styles of black top managers in state-owned organisations cannot be over-emphasised. This is because such knowledge could help to bridge the gap between western-flavoured leadership theory and practice in the South African environment. Indeed, Modisane (2018:13) posits that leadership research and development in Africa needs to shift from research that focuses on organisational malfunctions created by bad leadership to that which can influence organisational practices, positively. This provides some impetus for this study's intention to examine the leadership styles of black top managers in South African state-owned enterprises with a view to determining the relationship, if any, with employees' commitment to the organisation and business performance.

#### **1.4 Framework of the study**

The purpose of this study was to determine the relationship between the leadership styles of black top managers, employee commitment and business performance, cognisant of the intervening role of span of control.

If such a relationship is found to exist, then the application of particular appropriate leadership styles could enhance employees' commitment to the organisation, with the resultant effect of improved business performance. Figure 1.1 is a conceptual model of the relationship between leadership styles, employee commitment, and business performance in the light of the possible moderating role of span of control.

What the model attempts to portray is that a manager's leadership style has some connection with the commitment of subordinates and indeed business performance. In effect, it is likely that the display of some managers' leadership styles is likely to be attended by certain types of employee commitment. The styles of leadership and the consequent types of employee commitment, it is believed, would be associated with business performance.

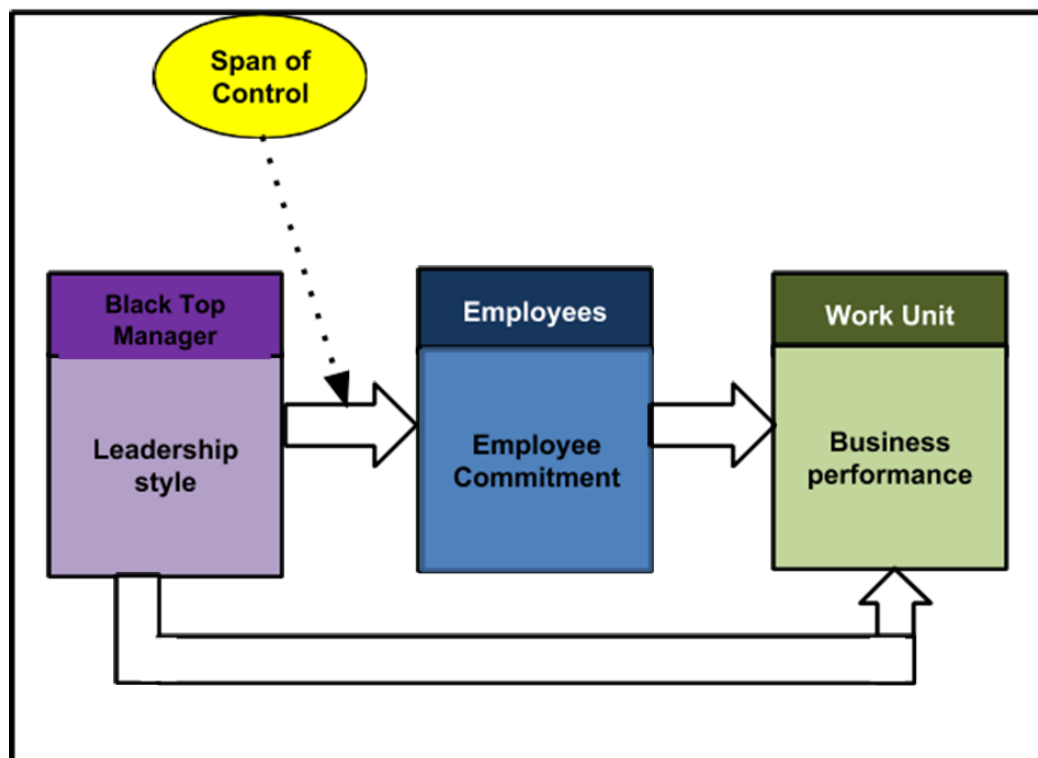


Figure 1.1: Conceptual model

Instructively though, the relationship between leadership style and employees commitment were moderated by the number of subordinates reporting directly to the black top manager. Besides this somewhat circuitous relationship between leadership style and business performance, the study also projected, through its conceptual model, that certain leadership styles correlate with business performance.

### **1.4.1 Leadership styles**

Different authors and researchers (Amit, Popper, Gal, Mamane-Levy & Lisak, 2009; Toor & Ogunlana, 2009; Zheng & Muir, 2015; Nichols, 2016) have studied leadership with the aim of differentiating leaders from non-leaders. This has led to a proliferation of definitions that describe leadership in terms of a position, personality, responsibility, influencing process, an instrument to achieve a goal, behaviour and the result of an interactive process (Limsila & Ogunlana, 2008:165). The different basis upon which definitions of leadership rest indicates that leadership has different meanings to different researchers and scholars.

Leadership is referred to as an art of rallying others to want to struggle for shared aspirations (Kouzes & Posner, 1995:30; Hughes, Ginnet & Curphy, 1996:28). Yukl (2012:66) explains leadership as a process of influence and the facilitation of the employees' efforts to achieve common goals so as to improve the performance of the team, work unit, or organisation. Swensen, Gorringer, Caviness and Peters (2016:550) describe leadership as a social process that engages employees to work together in accomplishing the mission aligned to goals.

Despite the seemingly different perspectives, the most common elements in leadership definitions include: the ability of the leader to influence employees (leader behaviour/style) and goals of the work group. Consequently, for the purpose of this study, leadership is defined as the ability of a leader to influence employees' behaviour in a manner that enables the achievement of business goals.

In the quest to influence subordinates, leadership style becomes important as the style of a leader could influence the behaviour of employees. This is the reason why researchers such as Hersey and Blanchard (1977) and Burns (1978) studied leadership behaviour to determine effective leadership style. A leadership style often finds expression in the behaviour of a leader. Thus, a style is generally defined as the way in which something is said, done, expressed, or performed (Pfafflin & Adshead, 2004:63).

Leadership thoughts basically point out two primary types of leadership behaviour (Pearce, Sims Jr, Cox, Ball, Scnell, Smith & Trevion, 2003:276). A leader can be

either people oriented or task oriented. This explains why Adeyemi-Bello (2001:151) defined leadership style as reflective of two dimensions: the extent to which the leader is people oriented or task oriented.

Despite extensive research conducted on leadership and the recognition of the dimensions of leadership behaviour, organisations still face leadership challenges and hence Bass and Avolio (1990) saw a need to explore a broader range of leadership styles by developing a full-range model of leadership.

This model (see Figure 1.2) expands the thoughts about what constitutes a much broader range of leadership styles in different environments as compared to seemingly narrow paradigms of people- and task-oriented styles (Bass & Avolio, 2004). The study will therefore rely on Bass and Avolio's (1990) model of leadership styles, namely transactional, transformational and laissez-faire styles. Transactional leaders are very good at managing the functions of an organisation, committed to their work; tolerant and fair minded; focus on impersonal aspects of performance such as plans, schedules and budgets; are dedicated to the organisation; and conform to organisational norms and values (Rao, Rao & Sivaramakrishna 2009:441).

Good transactional leaders are good negotiators, authoritarian or even aggressive; so that they obtain the maximum benefit from the economic-exchange relationship they created (Klenke, 2005:62). These kinds of leaders are also good when goals are achieved, but are likely to be harsh when targets are not met and this situation tends to create a negative impact on the emotional aspects of the relationship between a leader and employees (Lee, 2005:58).

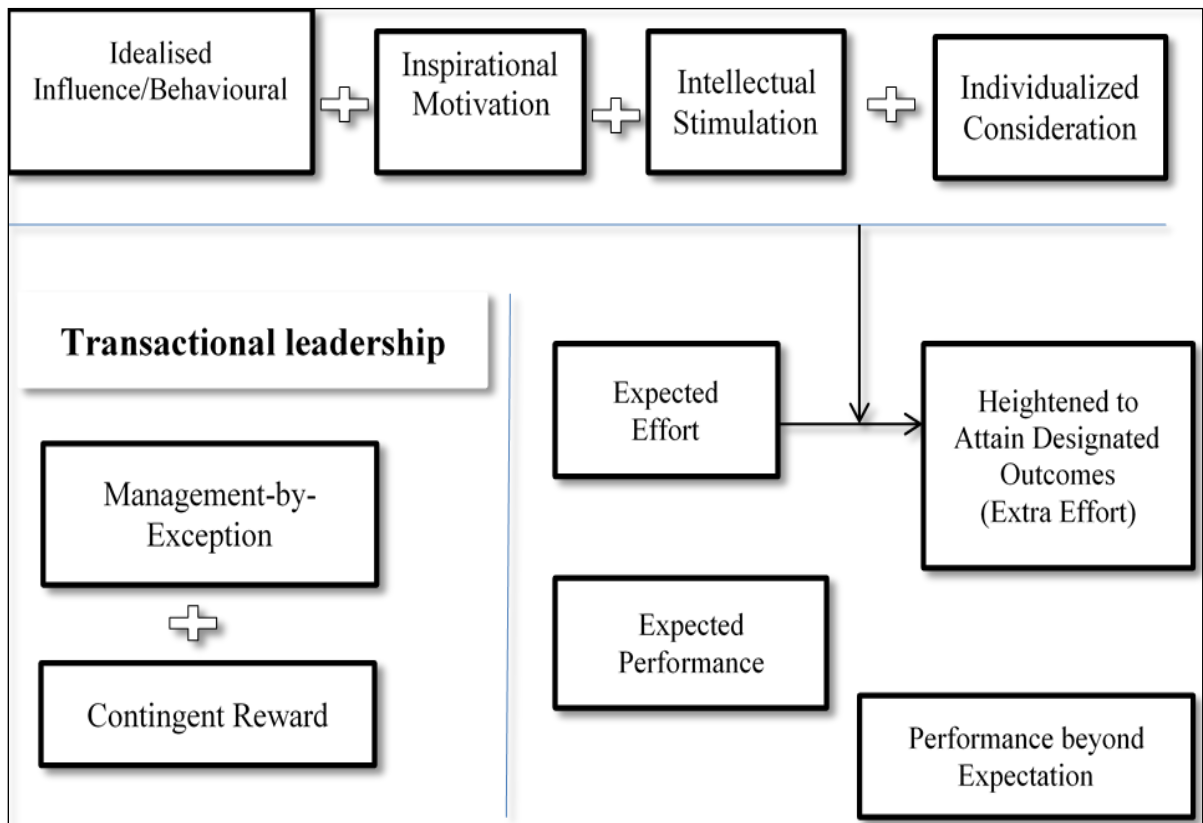


Figure 1.2: The Augmented Model of Transactional and Transformational Leadership

Source: Bass & Avolio (2004)

Transformational leaders are those leaders who understand and adapt to the needs and motives of employees. The style that they adopt is concerned with the ability of the leader to inspire employees to achieve goals. These leaders are seen as role models that can create and articulate a clear vision for an organisation, empower followers to achieve higher standards, act in ways that make others want to trust them and give meaning to organisational life (Northouse, 2001:158).

“Laissez faire” is a French phrase, meaning “leave alone” or “let do”. Laissez-faire leaders are often unstructured, provide minimum leadership intervention and give employees freedom to make their own decisions (Chaudhry & Javed, 2012:264). The style might be applicable in a situation where a leader wants to empower employees, especially in a team with experienced and skilled employees (Silverthorne, 2001:152; Yang, 2015:1251).

Bass and Avolio (1990) went further to conceptualise the leaders' behaviours related to these leadership styles as:

- transactional behaviours – contingent reward, active and passive management by exception;
- transformational behaviours – idealised influenced/behaviour, individualised consideration, inspirational motivations and intellectual stimulation; and
- laissez- faire behaviours.

Adeyemi-Bello (2001:150) argues that there is no best leadership style and that contextual and organisational variables determine the fitness of the leadership style. The argument springs from the contingency or situational leadership theories which suggest that leadership styles are relative and are determined by various factors. This underlines the importance of context in leadership discourse. It was therefore important to determine which leadership styles influence employees' commitment to the organisation in the specific context of SOEs in South Africa, while considering the manager's span of control.

Amongst others, factors that have been found to influence leadership style include: values, belief, religion, experience and skills. Dulewics and Higgs (2005:106) assert that the personality of a leader plays an important role in the practice of leadership and that effective leadership is viewed in terms of personal characteristic, a range of skills and behaviours and ways in which leadership can be applied. Sarros, Cooper and Hartican, (2006:685) posit that one's character helps in explaining a person's past actions and could also predict future behaviour.

It would seem logical to contend that black top managers' leadership styles may be influenced by the communities in which they were raised, where the focus is centralised around the principles of ubuntu. Ubuntu is described as a metaphor that exemplifies the significance of group solidarity that arises among people within "marginalised" or disadvantaged" groups (Mbigi & Maree, 1995:7). Irrespective of the perceived leadership style applied by black top managers, it was of importance to establish if the styles influence employee commitment and business performance.



### **1.4.2 Leadership styles and employees' commitment**

In order to influence employees' behaviour, a transactional leader uses punishment and rewards, a transformational leader uses charisma, whilst a laissez-faire leader uses delegation and provides none or minimal leadership to employees. The outcome of these leadership styles is expected to influence employees' behaviour to achieve an organisation's goals. Limsila and Ogunlana (2008:165) contend that appropriate leadership styles bring out the best in employees who are likely to commit to their work. This is due to the fact that leaders are in a better position to appeal to employees' innate characteristics (Butler, 2009:140). Rabey (2005:220) suggests that the sustained commitment of employees depends upon the leader and the extent to which the context in which they operate continues to meet their expectations.

This is the reason why this study has elected to link leadership style with employee commitment in state-owned enterprises. Smith, Gregory and Cannon (1996:3) state that the concept of employee commitment has gained interest due to organisations that seem to focus on empowering employees at the lowest level. Rego and Pin e Cunha (2008:59) argue that the concept of employee commitment has gained attention due to employees' attitude and behaviour, such as intention to leave, turnover, punctuality, and the attitude towards organisational change and performance.

Employee commitment is described by Allen and Meyer (1990) as the psychological state that distinguishes between the employees' desire to remain with an organisation and their likelihood to quit. Allen and Meyer's (1990) model provides an insight into employee commitment comprising three components of employee commitment, namely, affective, continuous and normative aspects (Smith et al., 1996:3).

Affective commitment refers to the employee's emotional attachment to, identification with, and involvement in the organisation. Continuous commitment refers to commitment based on costs associated with leaving the organisation, while normative commitment refers to the employee's feeling of obligation to remain in the organisation. As such, employees may choose to remain in the

organisation because they want to (affective), have to (normative) or need to (continuance) (Allen & Meyer, 1990:67; Bergman, 2006:646).

Employees may be emotionally attached to the organisation due to identification with organisational values, goals and practices. In terms of continuance commitment, employees may be committed to the organisation because of a lack of attractive alternative opportunities outside an organisation. Normative commitment develops when people internalise the organisation's norms through socialisation, receive benefits that induce them to feel the need to reciprocate and/or to accept the terms of a psychological contract (Carmelli & Gefen, 2005:71; Rego & Pina & Cunha, 2008:57).

In other words, employee commitment is influenced by the goals of employees. Gbadamosi, Ndaba and Oni (2007:754) declare that employees are committed to goals in their work environments mainly because it helps them to pursue their own goals. Similarly, Carmelli and Gefen (2005:64) suggest that types of commitment to the organisation relate to the potential benefits sought by the employees and maintain that a multidimensional approach to employee commitment, proposed by Reicher (1985), is meaningful due to the fact that:

- employees develop different forms of commitment;
- different forms of employee commitment affect work outcomes differently;
- and
- employee commitment models contribute towards an understanding of employees' work outcomes.

The study identified which component of employee commitment, in black-led work units, is shown towards the organisation. The results were then used to determine if there is a relationship between leadership styles, employee commitment and business performance.

### **1.4.3 Employee commitment and performance**

Business performance relates to the actual results achieved compared against planned results or the overall ability of a work group to perform well or effectively

execute their mission. The concept can also be referred to as the accomplishment of a given task measured against predetermined known standards of accuracy, completeness, cost and speed. Thus, business performance includes almost any objective of competition and manufacturing excellence, whether it is related to cost, flexibility, speed, dependability or quality. In short, performance can be described as an umbrella term for all concepts that consider the success of a company and its activities (Tangen, 2005:39).

Employees' attitude and behaviour is an important indicator of employee commitment to the organisation. Falkenburg and Schyns (2007:708) state that employees' attitude and behaviour have been of interest to researchers due to their possible contribution to the overall function of the organisation. This emanates from the assumption that when employees are committed to the organisation they will put more effort into their work and therefore improve the performance of the business. This is one of the reasons why this can be said to be an important variable in assessing the employees' overall contribution to the organisation (Huey Yiing & Zaman Bin Ahmad, 2009:56-58).

Even though the relationship between employee commitment and business performance has been studied by a number of researchers since the 1960s, a positive relationship between the two constructs has not been proven (Suliman & Iles, 2000:409). The study examined the relationship between employee commitment and business performance by looking at the performance of black top managers' work units, which is based on the set performance measures encompassed in their balance scorecards respectively. The outcome was therefore used to determine if a positive or negative relationship exists between leadership styles, employee commitment and business performance.

### **1.5 Research objectives**

This study set out to examine the relationship between leadership styles, employee commitment and business performance. In the course of this, the moderating role of span of control in the relationship between leadership styles and employee commitment was examined; so too, the mediating role that employee commitment could play in the relationship between leadership style and business performance. To keep the study focused, it was necessary to craft primary and secondary

objectives for the study that, at the terminal phase of the study, are relied upon to adjudge if the study has met its aims or not.

### **1.5.1 Primary objective**

The main objective of this study was to establish the nature of the relationship, where it exists, between the leadership styles of black top managers, employee commitment and business performance in South African SOEs.

### **1.5.2 Secondary objectives**

The secondary objectives of a study essentially serve as milestones that are capable of providing a measure of assurance that the study is progressing towards the achievement of its primary objective. They are therefore useful to the extent that they serve or dovetail, when considered collectively, to the primary objective. The secondary objectives of this study are:

1. to ascertain the prevalent leadership styles of black top managers in state-owned organisations, as perceived by employees;
2. to establish the nature of the relationship, if any, between the leadership styles of black top managers and employee commitment;
3. to establish if a relationship exists between leadership styles of black top managers and the performance of their work units;
4. to explore the relationship, if any, between types of employee commitment and business performance;
5. to determine if span of control plays any moderating role in the relationship, if any, between the leadership styles of black top managers and employee commitment;
6. to ascertain if there is any relationship between the constituents of the leadership styles of black top managers, employee commitment and business performance.

## **1.6 Research questions**

The aim of the investigation was therefore to answer the following research questions:

1. What are the prevalent leadership styles of black top managers in state-owned organisations?
2. Which leadership styles of black top managers are associated with specific types of employee commitment in SOEs?
3. Is there a link between leadership styles of black top managers in SOEs and business performance?
4. Which specific types of employee commitment translate to improved business performance?
5. Does span of control moderate the relationship between leadership styles of black top managers and employee commitment?
6. To what extent do constituents of leadership styles possessed by black top managers lead to certain types of employee commitment and business performance?

### 1.7 Definition of key terms

The following key terms were used in the study:

**Black top manager** – A black manager in an SOE who occupies a key top management position and is leading a work/business unit in the organisation.

**Business performance** – Actual performance measured against a predetermined target as recorded in a balanced scorecard for a specified work unit that is headed by a black manager.

**Employee/subordinate** – This is a reference to a full-time, permanent employee of an SOE who reports directly to a black top manager.

**Leadership styles** – Behaviour, practice or tactics used by leaders to influence the employees' attitude to the organisation.

**Employee commitment** – A psychological contract that characterises the nature of the employees' relationship with the organisation and influences the attitude that will determine the likelihood that the employees will remain in the employ of the organisation.

**Span of control** – A construct of the administrative management school that defines the number of subordinates that directly report to a specific manager. It is therefore a reference to the number of employees that the manager is directly responsible for, usually in a work unit.

**State-owned enterprise** – Commercial and non-commercial public entities owned and controlled by government. The entities may or may not be fully funded by government and are listed as SOEs in the Government Communication and Information System (GCIS) according to the Public Service Act.

## **1.8 Significance of the study**

Different authors and researchers have undertaken to determine what constitutes effective leadership through their studies. Rabey (2005:214) states that the amount of existing books and articles that focus on the importance of leadership provide evidence of the worldwide expression of a deeply felt need for leadership that can restore hope and purpose in times of uncertainty. Also, Strang (2005:68) declares that leadership is studied because of its importance to community development, organisational learning, business effectiveness, project quality and stakeholder satisfaction.

It would appear that the gap between leadership theory and practice continues to pose a challenge in society. Some authors argue that plenty of existing research has been conducted in a Western context and that there is a need for a shift of focus to non-Western cultures (Cheung, Chi-fai & Tin, 2008; As-Sadeq & Khoury, 2006; Collard, 2007). Amongst other factors, Friday and Friday (2001:426) contend that this is due to racio-ethnic differences that exist in various job-related outcomes, including job satisfaction and employee commitment. They further argue that knowledge of the relationships between factors in non-Western cultures can be utilised to evaluate the effectiveness of current theories, while presenting some benefit to practising leaders and decision makers.

In general, black leadership has always been undermined due to the historical background of black people around the world (Howitz, 1996:13; Niemann, O'Connor & McClorie, 1998:105; Alexander, Brewer & Livingstone, 2005:784). Furthermore, in South Africa, black leadership has a stigma attached to it due to

the elevation processes of affirmative action (AA) used to place black leaders into leadership positions. Nevertheless, black people declare they are highly committed to their jobs and feel they perform just as well as white people (Venter, 1994). It is therefore important that any manager be judged beyond placement processes, race and cultural background. However, there is limited research done on black leadership locally to provide requisite evidence to give verve to these arguments.

In South Africa, there are negative perceptions and myths regarding the implementation of EEA and AA in South African organisations (Thomas 2002:238). Negative connotations have created resistance to the implementation of these policies by organisations. Hence, while research conducted in South Africa tends to focus on the effectiveness of policies such as EEA and AA, research focusing on candidates who were promoted on the basis of these policies has been untapped. Litrell and Nkomo (2005:562) argue that even if democratisation has led to an increase in the racial and gender diversity of leadership in South Africa, there is little empirical research on leader behaviour preferences of the diverse group.

Therefore, a paradigm shift is required to put more focus on the contribution of these candidates to the organisation. This could be achieved by examining their leadership styles and how their leadership styles impact on their direct employees and overall business performance. The study did not intend to prove the validity of misconceptions, perceptions or myths relating to black top managers. Instead, the aim was to identify the leadership styles of black top managers and their role in employees' commitment to the organisation and business performance. The significance of this was amplified by the consideration given to the role of span of control in moderating the manager-subordinate relationship.

It was expected that the study would highlight the link that some leadership styles have with particular types of employee commitment in the light of the span of control of a manager. From an academic point of view, the results of this study is likely to instigate greater scholarly interest in the issues of leadership specific to an environment of diverse cultures as found in South Africa. The implication of not conducting this study is that the critical challenge of the paucity of knowledge related to black leadership especially in Africa, will be exacerbated. The practical ramification is that Black leadership talent would suffer as emerging leaders in the

same race group and would continue to rely on the scant scientific knowledge specific to black leadership and the overwhelming literature of the Western nations, to hone their leadership skills. The cultural discordance of such a situation will inevitably deflate the potential of black leadership, leading to adverse consequences for the work units that they manage. Surely, such a situation bodes unfavourable outcomes and it would serve society's interest to circumvent it.

### **1.9 Delimitations of the study**

The study targeted SOEs in South Africa, which are listed in the GCIS and comprise work units/sections that are led by black top managers. The data has been collected from employees who report directly to black top managers of various organisational work units. Given the nature of the dependent variable of business performance, the study acknowledges the possibility of other variables in the micro and macro-business environment having possible associations with business performance. Despite this reality, the focus of the study remains delimited to only the independent variables of leadership styles and employee commitment.

Furthermore, while the study acknowledges that the studied SOEs may not necessarily be homogenous in nature, the study given its lack of intention to be a comparative one, is inconsiderate of this. In addition, though certain human capital and social capital components may help to shape a manager's preference and display of certain leadership styles, the study is delimited to reliance on only the perceptions of subordinates specific to observed leadership behaviours.

### **1.10 Outline of the study**

This study report is presented in seven chapters. The first chapter focuses on providing an introductory platform for the work covered in the study. A review of extant literature relevant to the study's major constructs of leadership, employee commitment, span of control and business performance are covered in chapters 2, 3 and 4. This is succeeded by Chapter 5 where the pathway that was followed in the conduct of the study was discussed along the lines of research methodology. Chapter 6, which is the penultimate chapter, focuses on the presentation of the study's findings, primarily premised on the statistical analysis undertaken, while the final chapter draws conclusions and makes recommendations.



## **Chapter 1**

This chapter provided the introduction and background to the study. It presented the problem statement and specified the research questions and objectives of the study. The importance and benefits of the study were discussed in order to provide the motivation and rationale for conducting this research. The conceptual model and key concepts were explained to provide the framework within which the study was conducted. The study's delimitations were also discussed to indicate the scope of the research while taking into account the external and internal constraints.

## **Chapter 2**

This chapter attempts to construct the theoretical framework for the study by reviewing leadership literature relevant to the topic of this research. The content of the chapter encompasses a discussion of leadership and various leadership styles emerging from different theories in order to draw attention to the leadership behaviours that are related to the defined leadership styles. Leadership definitions emerging from different theories are explained to illuminate the multiple prisms through which leadership has been observed and how these are integrated into this study. In addition, the difference between leadership and management is briefly discussed to identify and highlight the characteristics that distinguish leadership from management, in order to emphasise the role of black top managers in SOEs.

## **Chapter 3**

This chapter discusses the literature review on employee commitment. The different components of employee commitment are identified and explained in order to expound on the different conditions in which employees become attached to the organisation. The discussion also brings to the fore, various leadership behaviours that tend to influence each component of employee commitment, the resulting outcomes and how these outcomes impact business performance.

## **Chapter 4**

This chapter reviews the leadership and employee commitment theories that are found in literature. The aim thereof was to build a theoretical framework premised on the relationship between leadership styles, employee commitment and business performance. From this framework different hypotheses emerged, that were tested in the course of this study.

## **Chapter 5**

In this chapter, a detailed presentation of the methodology used for the execution of this study is provided. This discourse presents the path through which the research expectedly progressed until conclusion. It also includes the research methodology, which describes issues linked to the survey method, sampling procedure, collection instruments, data collection and respondent profile.

## **Chapter 6**

This chapter presents the descriptive and inferential statistical results obtained. In the main, results of the tested hypotheses and an expansive discussion of the findings in relation to the relationship between leadership styles, employee commitment and business performance found in this study are presented in the chapter.

## **Chapter 7**

The chapter focuses on the conclusions drawn from the study's results and its implications for the theory and practice of leadership, especially by black top managers, in the context of SOEs. It further contains recommendations predicated upon the results of the findings while making suggestions for further research.

### **1.11 Summary**

The chapter provides the background to the study, research questions, objectives of the study and importance and benefits of the study. The different definitions of leadership concepts are presented to point out various viewpoints and perspectives of existing leadership studies.

The chapter further presents an overview of the main constructs of the study, notably, leadership styles and how these may be related to employee commitment

in a bureaucratic organisation. Importantly, too, the chapter was utilised to present a framework for the study that captures the key tenets of the academic inquiry that the study elects to undertake. Furthermore, in keeping with the generally acceptable practice for academic endeavours such as this one, the delimitations that help to determine the boundaries of the study are outlined. This is particularly essential as the field of generic scientific leadership inquiry may be broad yet relatively sparse as it pertains to black top managers, specifically, more so, in South Africa. To a large extent therefore, the chapter helps to provide the foundation for succeeding chapters commencing with a focussed discussion of leadership in the work environment.

## CHAPTER 2

# LEADERSHIP IN THE WORK ENVIRONMENT

### 2.1 Introduction

Storey's findings made known a growth in the number of published leadership articles rising from 136 from 1970 to 1971; 1,105 from 1990 to 1991 and 10,062 from 2001 to 2002 (Storey, 2004:3-4). Amazon.com also provided a listing in 2003 of 11,686 leadership books, which doubled to 25,784 in 2008 (Middlehurst, 2008:323). Moreover, 188 million entries of a Google search of leadership articles and books were found in 2010 (Dubrin, 2010:3). This concerted effort is triggered by the scarcity of the ability to lead others effectively and as a result makes effective leadership an exceptional quality.

Leadership is an ancient topic of interest that has been studied by a significant number of authors in a bid to identify the ingredients of effective leadership. The incessant debate and the absence of a systematic approach to understanding leadership continue to broaden the spectrum of leadership and fabricate multiple theories of leadership behaviours. The research focused on social phenomena, drawing conclusions from laboratory experiments, observations of leaderless groups or activities of lower-level supervisions (Bass & Stodgill, 1990:20). The question posed is why so much has been researched about leadership and yet organisations still find it difficult to see it in practice.

Kets de Vries (1999:4) argues that if leadership is to be a viable area of study and of any service to stakeholders, its research should be intricately linked to interpretations of the behaviour and ensuing actions of all individuals designated to leadership positions. This, in turn, will provide a realistic approach and scope in unpacking the qualities of a leader and the discourse tied to defining an individual with exemplary leadership qualities. Therefore, the diverse interpretation of the demand for leadership, as well as the type of leadership development required, should actually be provided by the leadership analysis of the organisation wherein leadership is practised.

It is similarly argued that there are large discrepancies in leadership styles, which are influenced by the environment and the region in which someone is found (Eckert, Rweyongoza & Campbell, 2010:4). The African context is one that incorporates a number of factors, ranging from multiculturalism, politics, economic and social context, and thus presents a complex dynamic with regard to uncovering what is to be considered as leadership. This is apparent in South African leaders who were challenged to integrate diverse cultural and ethnic groups after the apartheid government required them to have unique leadership styles (Finestone & Snyman, 2005:131; Howitz, Bowmaker-Falconer & Searll, 1996:140; Jackson, 2004:7, Cox, Amos, & Baxter, 2008:72).

Edoho (2001:76) and Daglish, Du Plessis, Lues and Pietersen (2009:45) state that the majority of African history has been voiced through the lenses of colonisers who lacked an understanding of an African culture and have produced biased views. Bolden and Kirk (2009:73) also raised a concern that Western leadership studies that have been conducted in Africa were aimed at equipping Western managers to make well-versed business decisions in an African context instead of assisting African managers to enhance their own leadership styles.

While extensive research on what makes good leadership has been conducted in Western cultures, there is a concern that leadership and management in Africa have not been thoroughly explored; resulting in Western leadership literature being used to benchmark and assess leadership effectiveness in Africa (Du Preez, 2012: 7). The primary challenge in Africa is that African leadership and management is not physically documented, but is passed down from generation to generation by way of oral tradition, making it difficult for standardised operating procedures that could be used to integrate cooperation between African leaders and their Western counterparts (Benyah, 2014:82).

As a result, more comprehensive research needs to be conducted and documented in Africa to provide a full scope of the multitude of leadership styles applied in different regions in order to answer some of the crucial challenges faced by African leadership (Nkomo, 2006:11). Therefore, context is important in determining the relationship between leadership style, employee commitment and business performance.

In order to achieve this goal in its entirety, it was important to critically explore existing African and Western leadership theories to create a sound understanding of leadership behaviour and its impact on subordinates and business performance in practice. Thus, the content of this chapter focuses on the definition of leadership, the description of different leadership theories as well as leadership styles.

## **2.2 Definition of leadership**

A leader is described as someone who shows individuals the way by walking ahead (Kets de Vries, 1999:3). A leader guides or inspires others to make a journey that would benefit them. For this reason, leadership describes a process that aims to guide with reference to action and opinion, bring by persuasion or counsel to or into a condition; conduct by argument or represent to a conclusion; or induce to do something (Grace, 2003). Given the expansive nature of the leadership construct, other opinions abound as to what it really is.

Leadership has been defined as:

- a process of influencing others to understand and agree on what needs to be done and how to do it (Yukl, 2006:8, Rabey, 2005:214; Daft & Marcic 2008:440; Braynion, 2004:447);
- the ability to affect someone's life personally to become successful (Richardson, 2005:146);
- an interactive process in which leaders and subordinates engage in mutual interaction in a complex environment to achieve mutual goals (Reicher, Haslam, & Hopkins, 2005:555);
- an influence relationship between leaders and subordinates within a leadership process (Levy, 2004:3);
- the ability to inspire subordinates to action and to create leaders from non-leaders (Gladson, 2003:11);
- the ability to influence the values, attitudes, beliefs, and behaviours of others (Ozaralli, 2003:335);
- power relationships between leaders and subordinates (Braynion, 2004:447);
- the exercise of influence by a person, group or organisation (Ovretveit, 2005:413);

- the existence of a power relationship between leaders and subordinates as well as the process of utilising power to influence the behaviour of others to meet organisational goals (Northouse, 2016:5); and
- the establishment of a relationship that influences the behaviour and actions of others (Mullins, 2002).

The abovementioned definitions suggest that leadership is a process and for the process to be effective, there should be a dominating influence. This suggests that in order to achieve the desired results in a leadership process, a leader needs to be at the forefront so as to drive the actions of the followers. As such, the above definitions emphasize the fact that in the absence of a leader, the desired results cannot be achieved. However, the flip side of the process is that this relationship is dependent upon the responses of the followers. This implies that even in the presence of a leader the leadership process may not be effective. Therefore, it may seem that leadership is indefinite until it is put within a particular contextual environment.

The following components are central to the phenomenon: a process, influence, and shared goals. Reicher, Haslam, and Hopkins (2005:549) posit that leaders and subordinates are interdependent variables because the relationship is such that they rely on each other to create a condition under which mutual influence is possible. For the purpose of this study, there is a reliance on the thoughts of Ozaralli (2003), Reicher, Haslam and Hopkins (2005), as well as Northouse (2016) and so, leadership is described as the ability to influence the behaviours of employees to voluntarily commit to the achievement of organisational goals.

### **2.3 The leadership process**

Where people form a group, one can expect leadership to emerge and where it fails, it will be impossible for anyone to exercise leadership (Haslam, 2014:5). Leadership operates in a group and this involves influencing a group of people who are engaged in a common goal or purpose. There is an emphasis on the two-way interactive event between leaders and employees rather than a direct, one-way event in which leaders only affect employees (Northouse, 2016:6). As such, leadership is a transactional event that happens between leaders and employees.

Daft (2011:26) writes that leadership involves people in a relationship, who influence change, share a purpose and take responsibility to make things happen. Moreover, it involves resolving uncertainty and enhancing adaptability of the employees through strategies, behaviours and activities. Thus, leadership is a social process of influence aimed at making the best of the situation and optimal use of available resources, as well as moving beyond unevenness towards excellence (Parry, 2002:181; Irurita, 1996:129).

Ozaralli (2003:335) describes the influence as the process of raising an awareness of the importance and value of the desired outcomes as well as stimulating and inspiring employees to go beyond their own self-interests to achieve the desired organisational goal. In other words, leaders do not just rely on an analytical, systematic and conscious thought process, but also envision goals that involve intuition, fantasy, and dreaming.

Indeed, Kouzes and Posner's (2012:13) view of the Leadership Challenge Model presents five practices of exemplary leadership: modelling the way; inspiring a shared vision; challenging the process; enabling others to act; and encouraging the heart.

Kanungo (2001: 259) mentions that it is important for leaders to be aware of their own motives, behavioural strategies and tactics, their world views that form the basis of interpreting the social situations with which they interact and the resulting outcome. Figure 2.1 illustrates the end results of the leader's influence as a function of tactics used.

The model proposes that influence tactics are subject to the characteristics and behaviour of leaders, as well as the contextual environment in which they operate. The influence tactics applied might either lead to employee commitment (employees are willing to carry out the task and make an effort), compliance (employees are lethargic about carrying out the request and make a modest effort) or resistance (employees make excuses why the task cannot be carried out).



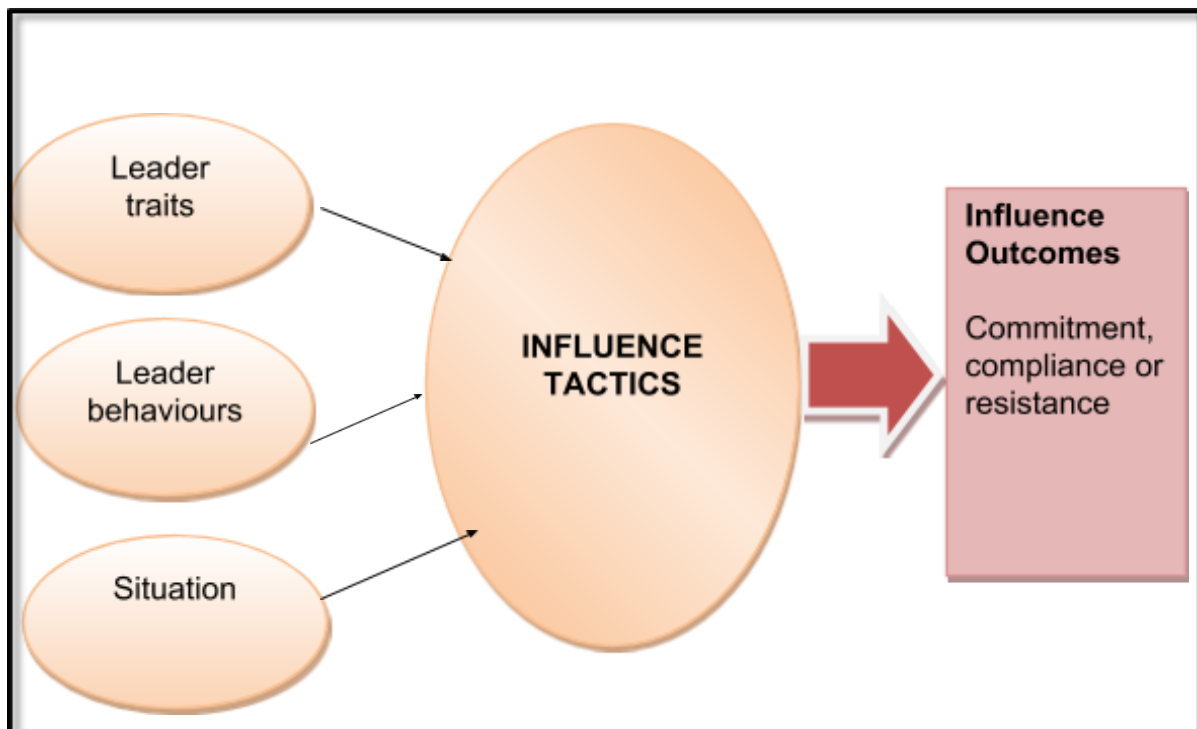


Figure 2.1: A model of Influence

Source: Dubrin (2010:231)

Gagne and Deci (2005:333) maintain that leaders have a unique position through which they can influence factors concerning their employees' motivation to execute their work. This implies that effective leadership brings out the commitment and enthusiasm of people to apply their talents so as to accomplish the plans (Schemerhorn, 2011:232). There is no gain in saying that all organisations, not the least of all SOEs, could benefit from this. Therefore, black top managers may become effective by bringing out the best in employees and this can only happen if they use the appropriate behavioural strategies and influencing tactics.

During the process of building a relationship, leaders use certain powers. Power is defined as the ability to influence others (Heywood, 2004:130). Caro (2006:47) writes: "No one can lead who does not first acquire power and no leader can be great who does not know how to use power." Dubrin (2010:320) points out that all leaders use power and influence to make an impact on their organisations. Krishnan (2003:346) also states that power is an important variable in light of the fact that one needs power to get things done. It could, therefore, be deduced that

the concept of leadership revolves around power and influence (Deji & Makinde, 2006:50).

Dubrin (2010:230) differentiates power from influence by referring to power as the ability to influence, and influence as an ability to affect the behaviour of others in a specific direction. This means that by virtue of their positions, black top managers inherently have power, which employees should concede to explicitly, and it is expected of them to use it to influence employees in order to accomplish organisational goals. This aligns with the idea that leadership invariably means using power to influence other people.

A leader influences a subordinate by altering moods, evoking images and an expectation, establishing specific desires and objectives and determining the direction a business takes (Butler, 2009:142). For this reason, black top managers cannot exert influence on employee behaviour if they do not know how to use the powers that have been provided to them as top managers. Therefore, the argument that a person might hold a formal position of authority that gives him power and yet he or she fails to display leadership (Daglish, du Plessis, Lues & Pietersen, 2009:12) can be said to be valid.

Chong, Ping Fu and Fan Shang (2013:55) present bases of power that were primarily identified by French and Raven in the 1950s as:

- Legitimate power – this power is inherent in a position and job title. The leader has authority to set goals, make decisions and give instructions. In other words, the leader's influence on the subordinates is determined by legality or source of authority in appointment and election. Leadership effectiveness grows out of the leader's legitimacy and authority. Therefore, the basis of acceptance of a leader's assertions of influence provides the actual meaning of authority. It can therefore be said that by virtue of black top managers being appointed to occupy their positions, they are empowered to exercise legitimate power and may use the power to influence employees to achieve the goals of the organisation in order to contribute to the business performance in the SOEs.

- Reward power – the ability to offer something of value as an instrument or tool for influencing others. The leader has power to control resources and the distribution thereof, meaning the ability to reward employees in a form of desirable assignments, bonuses, pay or a raise, verbal or written compliments, or promotion to influence the employees' behaviours. The power is effective only to the extent that the reward is valued by the employees and therefore black top managers who are cognisant that this power is effective as long as they are able to adequately balance the value offering with the structural requirements of an organisation may be successful in utilising it. It can further be said that when this power is properly utilised, it may possibly aid business performance in SOEs.
- Coercive power – the ability to punish or withhold positive outcomes as a way of influencing the behaviour of employees. This power is the opposite of reward power because the leader imputes punishment on employees through enforcing disciplinary actions, salary reductions, termination, etc. This means that the leader's influence is dependent on the negative behaviour of an employee which is reactive as opposed to proactively encouraging employee performance.

The disadvantage of continuous usage of this power is that employees conform as long as the penalty exists, but once it ceases to exist, the goals are not likely to be realised (Lunenburg, 2012:6). Moreover, as much as leaders using this type of power tend to be more productive, employees may withdraw when facing problems to avoid being coerced. It is plausible that black top managers who rely on this power may find that employee performance fluctuates as they are not motivated to perform, but rather to avoid punishment.

- Expert power – this type of power is based on knowledge and expertise. The expertise may come from understanding or access to information, formal education, on-the-job experience or from the reputation of a higher performer. The leader has the ability to influence the behaviour of others through the impartation of special skills and knowledge which will equip employees with the requirements to perform their function effectively. It may

be that when black top managers utilise this power it encourages career development and motivates employees to enhance the performance of the work units in SOEs by utilising the imparted skill.

- Referent power – this power is based on the extent to which a person is liked and admired by the employees. This kind of power can be developed through the building of interpersonal relationships with subordinates and it depends on a leader's characteristics rather than the position. Leaders who possess this power are motivated through concern for others, doing things because they want reference. They bring about trust as well as admiration. (Krishnan, 2003:347). As a result, black top managers who most effectively utilise this power may find that employees are incentivised to perform as a result of the loyalty and trust built through relationship.

Using the aforementioned kinds of power means leaders practise different strategies or principles to influence a change in a belief, attitude or behaviour of employees. Raven (1992) refers to the underlying influencing principles as persuasion techniques, which vary from rational requests to appeals and pressure tactics based on tenets such as: rational logic, inspiration, consultation/commitment, ingratiation (praise, personal goals), leader/subordinates exchange, group coalition pressure, legitimating agent (rule) and aggressive pressure. Leadership is thus seen as a platform in which power is exercised over others to achieve organisational success.

The effectiveness of the power strategies or tactics in use by the leader is influenced by personal, organisational and cultural antecedents. Each power tactic depends on different resources available to the influencing agents and represents a distinct approach toward the target person (Tal, Koslowsky & Schwarzwald, 2015:127). The use of power tactics is therefore critical to organisational success because the manner in which a leader expresses self to influence employees will have different impacts on employees respectively.

This implies that given the opportunities to make decisions to change situations, leaders find themselves in a situation that compels them to be aligned with something greater than themselves (Caro, 2006:49). Therefore, the ability of black

top managers to assess the environment and understand the factors that drive the energies of the employees may enable them to use the related power strategies to influence employees and business performance effectively.

Having been elevated to the top management position, black top managers are compelled to align their actions with the requirements of leadership. There is controversy and continuous dialogue on the difference between leadership and management. The view is that both leadership and management have distinct skills, which might co-exist in a single individual (McCartney & Campbell, 2006:190; Dansey-Smith, 2004:28). In a similar vein, some researchers, such as Klein (2002:11), maintain that while both management and leadership skills might be co-existent in a single individual, chances are that an individual is stronger in one category than the other. It is thus plausible for a single individual to apply one distinctive skill set over another in how they relate to leadership in the workplace.

In differentiating management and leadership, Levy (2004:3) explains that management involves accurate calculations, statistics, methods, timetables and routines, coping with complexity, and relies on fundamental skills of planning, organising, and controlling. The scope of the manager is perceived to be steady, rational, analytical, ordered, rigid and controlling. According to Allio (2005:1073), managers think linearly, favour reason, stability and consensus. Their position in an organisation is vital as it involves the overseeing of repetitive tasks and activities that can be catalogued into policy manuals and organise guides into procedures. Hence a manager is referred to as a “handler” (Blunt & Jones, 1992:24; Grace, 2003:6).

On the other hand, leadership is viewed as a broader concept that relies on setting a strategic direction or vision and motivating and empowering people to achieve the desired goals. A leader discovers new approaches to resolve challenges, thinks laterally, expresses passion, initiates change, and encourages diversity. The problems resolved by leaders are complex, ambiguous and multidimensional. Leaders are expected to stay focused on long-term issues even while dealing with problems and pressure in the short term (Mintzberg, 2009:9). Strong leaders do not necessarily confine their abilities to the solving of complex issues, but initiate

projects and plans that are innovative enough to change the daily running of any organisation.

Comparing the two concepts, Levy (2004:4) declares that management is a science, whilst leadership is an art. According to Gladson (2003:11), leadership is the knowledge of where you need to go and management is about knowing what you have to do to get there. This implies that leaders lead people and managers control and direct tasks through re-existing routines and processes. Mintzberg (1998) argues that a leader uses an insightful face, stresses commitment and views an organisation with an integrative perspective.

Managers tend to believe that the decisions they make are determined for them by the organisations they work for and conduct themselves in the manner that is determined by the industry or environment in which they operate. Conversely, leaders believe that the choices they make will shape the industries or environment in which they operate, fabricating the role to be aligned with a philosophical perspective of free will (Mintzberg, 1998). As shown in Table 2.1, Kearsley (2005:264-265) outlines some differences between leadership and management.

As such, an organisation with strong management but weak or no leadership might stifle creativity and innovation, and be very bureaucratic. Conversely, an organisation with strong leadership and weak or no management often becomes involved in meaningless change, which has a negative impact on the organisation (Rowe, 2001:81). For this reason, management and leadership are not the same and it would be detrimental to perceive them as interchangeable.

The key similarity is that both concepts involve employees and achievement of common goals. Daft (2011:27) states that leadership can be integrated with management to achieve possible outcomes and Kotter (1998) concludes that an organisation needs a leader-manager who can do both. Thus, leadership and management are a precondition for organisational success and it is beneficial for black top managers to possess both skills.

However, given their level of management within the organisational hierarchy, they are expected to display strong leadership, otherwise they might realise later that

prior experience and success in their managerial positions does not translate into substantial value in a leadership context, leading to failure attributed to a lack of leadership ability.

Table 2.1: Differences between management and leadership

<b>MANAGEMENT</b>	<b>LEADERSHIP</b>
Administer	Innovator
Copy (imitates)	Original (originates)
Maintains (monitoring and controlling)	Develops (creating)
Focus on systems and structures (task driven)	Focuses on people (relationship building)
Relies on control (supervising)	Inspires trust (coaching)
Has short angle view	Has long-term perspective
Ask how and when	Ask what and why
Has eye always on the bottom of the line	Has eye on the horizon
Accepts status quo	Challenges status quo
A good soldier (what you do)	Own person (who you are)
Does things right	Does right things
Transactional	Transformational

Source: Kearsley (2005)

Different behaviours vary from lower- to top-level management because there are different skills required at each level. The behaviours and skills that are strength in one type of position can become a weakness in another if a leader is not flexible enough to adapt to new requirements for a different position. Amongst others, this is the reason why leaders who have served in a particular position are especially challenged when required to adapt to the stylistic demands of a different type of position (Mintzberg, 2004:12). The fact is that different levels of complexity vary per level of management within the hierarchy. Black top managers are therefore faced with the level of complexity that compels them to be fully accountable to drive the overall organisational performance. Khoza (2011:22) argues that complexity is

not an excuse for contentment. Thus, their successes as leaders are tied to and depend on organisational performance.

## **2.4 Leadership theories**

Perceptions of leadership vary in terms of the emphasis on leader abilities, personality traits, influence relationships, cognitive versus emotional orientation, individual versus group orientation and appeal to self versus collective interests. Also, they vary in whether they are normative or descriptive in nature as well as their relative emphasis on behavioural styles (Den Hartog & Koopman, 1999:166). Due to this, various leadership theories have emerged, leading to different approaches of studying leadership, namely Great Man, trait, behavioural and relationships. These different theories expose a dire need for a recipe for effective leadership.

### **2.4.1 Great Man approach**

The origins of leadership study lie in the 17th century and are aimed at distinguishing leaders from followers. During this era, the business environment was not excessively complex as organisations were small and managed by one individual and thus the predominant view of leadership was based on the individual, control and centralisation of power. The Great Man approach holds that there is one best way to lead and there are a number of universal characteristics of personality that determine leadership effectiveness (Kets de Vries, 1999:5). An adopted belief was that leaders, irrespective of their background (country or culture) were born with natural abilities of power and influence to capture the minds of individuals. The consequent thoughts were then that no person can be trained to become an effective leader.

During this period, leaders were also thought of as men who exhibited exceptional performance, had a salary exceeding that of peers, and high status within an organisation or society; hence the name “Great Man” theory. However, it is easy to see that in current times, there has been a paradigm shift in this school of thought as more and more women are occupying leadership positions in countries such as Malaysia, America, South Africa and Australia.



Despite the fact that women are in many leadership positions, the Great Man theory is somewhat still alive because in some countries the movement of women into leadership positions has been forced by legislation. It would seem that women in leadership positions face the challenge of having to prove themselves as effective because of the silent existence of the Great Man theory. This is why a significant amount of research (Collard, 2001; Eagly & Johannesen-Schmidt, 2001; Oshagbemi & Gill, 2004) is predicated on the investigation of the leadership styles of women with the aim of comparing them to those of men.

#### **2.4.2 Trait approach**

Researchers looked at distinctive intellectual and social traits of great leaders to assess what sets them apart from their employees (Northouse, 2001:32; Reicher, Haslam, & Hopkins, 2005:564). The trait approach focused on characteristics such as personality (dominance, emotional control, expressiveness, creativity and self-confidence), physical features (height, age and energy levels), acumen (knowledge, intelligence and fluency of speech), social (popularities and sociability) and job-related aspects (desire to excel and persistence against obstacles) (Horner, 1997:270).

The intention of the trait approach was to ultimately determine the unique traits that could serve as a template against which the leadership of a person can be assessed as well as provide knowledge and understanding of leader elements in the leadership process.

A limitation of this theory is its long list of different leadership traits without clearly stating which of them are of higher importance. As a result, it was left to the individuals to subjectively define who qualifies as an effective leader. For example, in South Africa, Lee (2011:211) used this theory to investigate the desired leadership characteristics of South African managers and found that characteristics of credibility such as competence, honesty and inspiration are ranked highly amongst other leadership characteristics. However, even though these kind of studies have been done, no absolute characteristics yet exist that are used as a benchmark for effective leadership. Each organisation makes decisions based on

the nature of the environment and the unique characteristics that are crucial for specific roles to be executed successfully.

A weakness in the trait theory is that it disregards the situation and environmental factors that play a significant role in a leader's level of effectiveness, meaning that certain qualities might not guarantee success in different situations (Horner, 1997:271). Nonetheless, the limitations and flaws of the trait approach do not nullify the work done. To the credit of the traits approach, Kouzes and Posner (2002:28-29) and Zaccaro (2007:6) suggest that universal characteristics exist that are associated with effective leadership, such as vigour and persistence on pursuit of goals, self-confidence, tolerance for uncertainty and frustration, drive, desire to lead, forward looking, honesty and integrity, self-confidence, cognitive ability and knowledge of the business, high energy levels and stress tolerance, internal locus of control orientation, emotional maturity, social power, moderate achievement motivation, and a low need for affiliation.

To this end, the theory has to a certain extent been revived as according to Kouzes and Posner (2002:13), researchers also realised that a number of characteristics are consistently emerging that differentiate leaders from non-leaders, such as the Big 5 model of personality structure: extraversion (outgoing/energetic), agreeableness (friendly/compassionate), conscientiousness (efficient/organised), neuroticism (sensitive/emotional stability) and openness to experience (inventive/curious).

### **2.4.3 Behavioural approach**

The behavioural approach focuses on what leaders do on the job (activities, roles and responsibilities) instead of on personality traits. The theory presents leadership as a behavioural pattern that can be learnt and once the behaviour is discovered to be right, it can be learnt through training. The focus is on the invariable relationship between a leader and the performance of employees (Amanchukwu, Stanley & Ololube, 2015:8).

Behaviour is looked at via dimensions such as consideration versus initiation, and task versus relationship orientation. Whilst the traits approach looks at the characteristics that differentiate effective from non-effective leaders, behavioural

theory assesses the behaviour of leaders by looking at how subordinates perceive their leaders, and the effect their leaders have on them (Squires, 2018:92). The theory lends itself to this study because of its perspective of reliance on the perceptions of direct subordinates to provide their view on black top managers' leadership behaviours and also how these behaviours influence them as employees to contribute towards organisational performance.

Fleishman, Mumford, Zaccaro, Levin, Korotkin and Hein's (1991:246) review on leadership behaviours identified a total of 65 different classification systems in the literature on leader behaviour, all of which in their fundamental nature reflected two basic categories of leadership behaviour that are either task focused or people focused.

This position is supported by Yukl, Gordon and Taber (2002:15) whose review of leadership research led to the conclusion that the two fundamental categories of leader behaviour include task and people orientations, as illustrated by studies conducted at Ohio State University, the University of Michigan and University of Texas.

#### **2.4.3.1 Ohio State University – Consideration and initiating structure**

Consideration structure refers to the degree to which a leader is sensitive to subordinates, respects their ideas and feelings, and establishes mutual trust. In this instance, a leader shows appreciation, listens carefully to problems and seeks input from subordinates regarding important decisions. These are socio-emotional roles that include behaviours that focus on the interpersonal relationships among group members such as providing help and reward, showing understanding, and acceptance, releasing tension through jokes and laughter (Hobson, Strupeck & Szostek, 2010:4).

Initiating structure describes the degree to which a leader is task oriented and directs employees' work activities to achieve a common goal. When using this style, a leader directs tasks, gets people to work hard, plans and provides explicit schedules for work activities and rules with an iron hand (Daft, 2011:46). These task roles include those behaviours directly related to accomplishing the mission or purpose of the group, which is giving suggestions and direction, repeating,

clarifying, providing analysis and evaluation (Hobson, Strupeck & Szostek, 2010: 4). The style is considered to be common in centralised-structure organisations where the leadership function is treated as a simple approach of downward governance and control (Huang, Davidson, Liu & Gu, 2008:70).

Applying this theory, Johnson (2006:6) studied 104 black and white female managers in the United States to determine if there is a difference between black and white managers' initiating structure and consideration leadership styles. The study showed that white managers on initiating structure and consideration leadership styles scored 60.22 and 61.04 respectively, while black managers on the same scale scored 58.62 and 56.76. Even though white managers' scores are higher than those of black managers, both scored above average, indicating no significant difference in their leadership styles. Whilst the study compared managers' characteristics, the effectiveness thereof was not explored.

Jackson's (2004) study of leadership practices in several African countries found that African managers tend to be highly skilled in many aspects of management and leadership. They deal efficiently with cultural diversity and multiple stakeholders and enact "humanistic" management practices. The difference between African and Western approaches is their view of employees. The Western approach to management focuses on an instrumental view of employees, while the African approach focuses attention on employees as having values in their own right. Jackson (2004:28) states that leadership in Africa may be described as predominantly humanistic with an emphasis on sharing, reverence to rank, sanctity of commitment, regard for compromise and consensus, and good social and personal relations.

These traits are directly linked with the diverse value systems that inform African cultures and interaction with individuals and may resonate with the methods employed by black top managers in dealing with employees to a large extent.

#### **2.4.3.2 University of Michigan – Employee and job centred**

The University of Michigan's study proposition is that a leader can either be employee oriented or job oriented. Similar to the consideration style, the employee-

oriented style focuses on the human needs of subordinates and that is the leaders' support and interaction with employees. The job-centred leadership style relates to initiating structure style in the Ohio State study as the leader directs subordinates' work activities to achieve a shared goal.

In as much as there are similarities between the Michigan and Ohio State studies, the Ohio State study believes that a leader can use both styles, whereas the Michigan State study maintains that a leader can either use one and not both of the styles (Daft, 2011:48).

### 2.4.3.3 University of Texas – Concern for people and concern for production

The theory of Blake and Mouton developed in the 1960s presents two distinctive styles, which are concern for people and concern for production (Garg & Jain, 2013:49), and have developed the managerial grid model that identified different leadership styles, as shown in Figure 2.2.

<b>Concern for people</b>	<b>High</b>	<b>1.9</b> <b>Country club management</b>		<b>9.9</b> <b>Team management</b>
			<b>5.5</b> <b>Middle of the road manager</b>	
	<b>Low</b>	<b>1.1</b> <b>Impoverishment management</b>		<b>9.1</b> <b>Task management</b>
		<b>Low</b>	<b>Concern for production</b>	<b>High</b>

Figure 2.2 Leadership grid model  
Source: Dubrin (2010:118)

In a discussion of the grid, Dubrin (2010) illuminates each of the five labelled areas in the grid as follows:

- 1.1 Impoverishment management (1.1) – there is absence of leadership, which implies the investment of minimal effort towards interpersonal relationships or work accomplishments. The style may lead to a lack of cohesion, employee dissatisfaction and high staff turnovers.
- 1.2 Country club (1.9) – this style is preoccupied with employees rather than results. The style leads to a friendly environment and chances are that the organisation might end up with satisfied and self-motivated employees. However, the imbalance arising from a higher focus on the people in comparison to performance might mar organisational productivity.
- 1.3 Middle of the road (5.5) – this style implies an equally moderate concern on employees and performance. In this environment, average performance might be realised.
- 1.4 Task management (9.1) – managers exhibiting this style show more concern for production and less concern for employees. The style is based on the McGregor theory “X”, where subordinates are merely seen as the means to an end. Efficiency is realised through appropriate organisational structure and systems. The downside of this style is that as much as the organisation may increase the output in the short term, the style might result in high employee turnover in the long run.
- 1.5 Team management (9.9) – this behavioural style implies that the focus on production and subordinates is equivalent. The style results in committed employees, as it characteristically aids the building of relationships and trust. Contrary to the task management style, the team management style is based on McGregor’s theory “Y”, wherein the leader believes in empowering the employees, which lends itself to higher employee satisfaction. This is the ideal style for leaders as it balances both the needs

of the employees as well as the performance output due to a motivated and cohesive team (Yusof, 2003:51).

On the basis of the behavioural theory, it would seem that black top managers, broadly speaking, may demonstrate either employee- or task-oriented behavioural styles. It is however imperative to note that Mumford, Friedrich, Coughron and Byrne (2007:522) argue that the critical skill required is the aptitude to understand the situation's requirements and to be flexible in adapting to changing conditions and crises. This may suggest that the success of the work unit's SOEs could reside in the ability of the black top managers to apply the relevant leadership style with regard to the employees. The fact that the relevance of the leadership style depends on the environment in which leadership is practised led to a paradigm shift to the contingency approach

#### **2.4.4 Contingency theory**

In acknowledging that the employee-leader relationship does not operate in a vacuum, contingency studies looked at the context of an organisation in a bid to establish which behaviours the leader displays to increase the effectiveness of the organisation (Horner, 1997:270). The proposition is that leadership style and the extent to which the leader's situation is favourable for influence are seen as the determining factors of effective leadership.

According to Yammarino, Dionne, Uk Chunn and Dansereau (2005:888), the style of the leader is dependent upon the characteristics of the environment. This then suggests that the extent to which black top managers are people oriented and/or task oriented should depend on the organisational environment in which they operate. The belief is that anyone who analyses the environment and adapts his or her leadership style could influence employees' behaviour positively.

Popper and Zakkai (1994:3) contend that the organisational context in which the leader and employees interact is not colossal, but is composed of varying levels of relationships, contact and situations. The situation could be much more complex due to dynamism of the environment in the business, industry, society, and the world (Volckmann, 2005:293). The organisational context of the state-owned organisation in South Africa is not immune to this complexity, it is characterised by

different stakeholders with a variety of expectations in the local and international community. The evidence can be seen in the evolving unionised labour force which was not present in the past as well as the frequency of the changes at top management level. Other factors include economic downfall, increasing global competition and changes in the technological arena. Amidst all these forces, black top managers are still expected to achieve positive organisational performance.

#### **2.4.4.1 Fiedler's contingency theory**

Altmae, Turk and Toomet (2013:50) argue that the proposition of Fiedler's model is that leaders are effective when they make their behaviour contingent on situational forces as well as their subordinates' characteristics. Situational forces refer to internal forces (such as quality of people, history, culture or priorities of the organisation) and external forces (such as social, cultural and political forces). Situational forces are viewed in a broad sociocultural context including the nature of the task, organisational structures and routines that define and shape how knowledge, power and influence are generated and transmitted (Bolden, Petrov & Gosling, 2008:361).

The contingency theory puts emphasis on the flexibility and innovation in adopting or applying a particular leadership style. This suggests that for black top managers' behaviours to fit within the organisation, they are compelled to understand the external and internal environmental factors that affect state-owned organisations. For instance, while a task-oriented leader is most successful in high control situations, a relationship-oriented leader is more successful in moderately controlled situations. The most favourable situation provides control for leader-member relations, high task structure and strong position power. The least favourable situation provides low control for the leader and this is where a poor relationship between the leader and employees, low task structure and weak position power occurs (Schermerhorn, 2011:238).

#### **2.4.4.2 Hersey and Blanchard theory**

Hersey and Blanchard (1977) posit that no one style is superior to the other and that the main independent factors that influence leadership style include people-oriented and task-oriented structures. Similarly, situational theory suggests that it



is important for leaders to diagnose the situation and understand a relevant pattern of behaviour that will produce a successful outcome. This requires leaders to be proactive in detecting situational variables that determine which choices of behaviour are necessary (Daft 2011:64). A leader that is proactive is able to mould his own behaviour to control the outcome and produce more favourable results for the organisation.

The Hersey and Blanchard (1977) theory focuses on managing the relationship between the leader and subordinate on a given task such that a leader aligns his or her behaviour to the level of commitment and competence of a particular subordinate to complete a particular task. The proposition is that a leader should engage in different combinations of task and relationship behaviours depending on the maturity of the employees in relation to a specific task. Employee maturity means that an employee sets high but attainable goals, and has sufficient experience and/or education to carry the job successfully. Job maturity refers to the capacity or ability of employees to perform the job.

Employees could be mature or on the contrary be fixated on their beliefs, which would make it impossible for a leader to influence them. Singh and Bodhanya's (2013:510) empirical study of the dynamism of followership in contemporary organisations in South Africa reveals that one's willingness to accept a leadership style depends on one's preceding experiences and the extent to which leadership fits with the previous experience. Consequently, it would be expected that black top managers' knowledge of employees' maturity may influence their choice of leadership style. For instance, a leader might be more direct when his/her technical ability, decisiveness and intelligence are higher than those of employees.

A taxonomy developed by Vroom and Yago (1988) describe leadership situations used in a normative model that views the importance of leadership as a decision-making process; a process in which a leader examines certain factors within the situation to determine the suitability of the leadership style. Mintzberg (2009) classifies these decisions into three: authority decision (leader makes a decision to solve the problem and then communicates the decision to the group); consultative decision (leader makes a decision after sharing the problem with and getting suggestions from individual group members or group as a whole); and group

decision (leader convenes the group decision or delegates the decision to the group). Whilst autocrats have centralised authority, source power from the position, control rewards and coercion; democrats delegate authority to others, encourage participation, rely on subordinates' knowledge for completion of tasks, and depend on subordinates' respect for influence.

#### **2.4.4.3 Path-goal theory**

The Path-goal theory developed by House (1971) highlights what leaders should do to achieve high productivity and morale in a given situation (Landrum & Daily, 2012:56). The focus is on the importance of employees in a leader-employee relationship. The proposition is that leaders are effective when they assist employees to achieve both organisational as well as personal goals. Employees are an important variable because the possibility of leadership depends upon the existence of a shared social identity. Also, employees differ and in order to know what type of employee one is dealing with it is important to look at how much control they think they have over the environment and how well they can execute the assigned task. Kellerman (2008:3) identifies different kinds of employees as Isolates, Bystanders, Participants, Activist, and Die-hards.

Isolates are inactive, silent and usually alienated. Bystanders tend to pull back from leaders and disengage from their work to a large extent. Participants are actively engaged, care about the performance they deliver and work hard to support their leaders. Activists, whilst passionate about the organisational values and headed in the right direction, are an asset to the organisation, but if their attitude towards the organisation changes it could have a substantial impact on the performance. Die-hards are committed followers and are prepared to sacrifice what is necessary for the organisation's cause.

The path-goal theory is based on the premise that irrespective of the type of employees, a leader is primarily responsible for helping employees to develop behaviours that will enable them to reach goals or desired outcomes. The main proposition is that a leader should choose the styles that take into account the characteristics of the employees and the demands of the task. Therefore, black top managers' leadership style may be effective when they engage in behaviours that influence and change the attitudes of the employees positively.

Moreover, the engagement should be in a manner that compensates for deficiencies and enhances employees' satisfaction as well as individual and work unit performance. In matching the leadership style to the situation, Path-goal theory proposes that there are two sets of contingency factors, namely type of employees and the work environment (Daft, 2011:72). Path-goal theory suggests that a leader should assess the relevant variables in the environment and then select one of the following four leadership styles:

**Directive leadership style** – The leader emphasises formal activities such as planning, organising and controlling. This style will be suitable where the task is unclear to subordinates.

**Supportive leadership style** – The leader displays concern for the group members' well-being and enhances the morale when group members work on a dissatisfying, stressful or frustrating task. The style is also suitable when the group members are not confident enough to perform a particular task.

**Participative leadership style** – The leader consults with the group members when making a decision. The style is suitable for improving the morale of well-motivated employees who perform non-repetitive tasks.

**Achievement-oriented leadership style** – The leader pushes for work improvement and sets high goals for team members, who are also expected to assume responsibility. The style is suited for those members who are working on ambiguous and non-repetitive tasks.

The above discussion on the leadership theories present different ways in which leadership has evolved over the years and it is apparent that all this effort was invested with a view to find a suitable model of effective leadership. Nevertheless, irrespective of the work done to date in this field, what qualifies as effective leadership remains indefinite. It is perhaps reasonable to conclude that effective leadership can only be determined by hindsight; when it has been put into practice in a specific environment and proven to yield the desired outcome.

## 2.5 Leadership styles

A style involves an action or behaviour and can be defined as the unique way of doing things. The study of leadership style is a conservatory of understanding leadership behaviour and attitudes (Dubrin, 2010:113). Schermerhorn (2010:234) defines leadership style as a recurring pattern of behaviours exhibited by leaders. The distinctive leadership behaviour may be tailored by factors such as philosophy, culture or values, personality, education and training as well as the experience of the leader (Huang, Davidson, Liu & GU 2008:73). Rao (2009:166) posits that the history and societal values of any country provide a backdrop for understanding leadership practices.

Jackson (2004:29) as well as Bolden and Kirk (2009:74) posit that leadership practices in Africa are complex, multi-layered and shaped by centuries of cultural values and historical events. In a study of black middle managers in affirmative action programmes where their social background, upbringing, and educational experience was evaluated, Castle (1996:392) found that black managers described themselves as individuals who grew up in extended families in ethnically segregated townships with limited contact and in the traditional white business community. The managers regard themselves as products of underfunded, poorly equipped schools and embraced the concept of ubuntu. As such, his study concludes that ubuntu values may be part of the psychological and cultural makeup of black managers in South Africa.

The concept of ubuntu is described as the worldview of philosophical approach to human relationships that elevates the importance of humanness grounded in African beliefs and shared community (Le Grange, 2011:67; Nussbaum, 2003:2; Murithi, 2009:226; Booysen, 2001:38). Values upheld in ubuntu include a spirit of valuing collectivism according to community-based understanding of self (Bekker, 2008:19; Lutz, 2009:318); understanding other's dilemma and seeking to help on the account of the deep conviction of the interconnectedness of people; sharing of resources based on mutual concern for existence; concern for the needs and interest of others (Poovan, Du Toit, & Engelbrecht, 2006:18; Broodryk, 2006:6); valuing the worth of others and showing respect to others' potential to make a contribution; and management's commitment to developing employees

(Mangaliso, 2001:32; Van der Colff, 2003:260; Muchuri, 2011:448). According to Khoza (2011:440), ubuntu is anti-individualism and pro-communalism.

Thus, the philosophy of ubuntu encourages individuals to sacrifice their personal goals for the goals of the group (Booyesen, 2001:38). In many instances, these goals are intricately tied to each other, making it easy to achieve shared aspirations. Jones (1995) is of the opinion that the characteristics of leaders influenced by Ubuntu is seen in African regions such as West Africa (Ghana, Nigeria, Benin, Togo, Guinea, Niger, Burkina Faso) and Southern Africa (South Africa, Botswana, Namibia), where leaders are seen to be highly skilled at putting people at ease, being fast and agile learners, leading in diverse environments, resourceful and able to find creative solutions to problems and having a high focus on outcomes and getting things done. Leaders in Botswana were found to provide clear direction and targets as well as provide paternal and supportive leadership (Jones, 1995).

In their cross-cultural comparison of cultural mythologies and leadership patterns in India, Indonesia, Pakistan and the United States of America, Wong-Mingji, Kessler, Khilji, Gopala and Krishnan (2014:92) assert that attitudes and behavioural expressions are unique to different cultures, meaning that the same behaviours have different meanings in different cultures. They found that the leaders in these countries shared features such as compassion, caring, vision, intelligence, transformation and strength to overcome obstacles and challenges on behalf of others. Yet, their behaviours tend to unfold differently in their localised environment.

Based on this, it would seem rational to project that black top managers are shaped by African values that influence their choice of leadership style, which employees in the SOEs may or not identify with. Schyns, Kroon, and Moors (2008:772) argue that effective leadership is not just about the leader's behaviour but dependent on the followers' perception of the leader. The body of knowledge attests that perceivers use classification and match the observed person against an abstract prototype stored in the memory (Lord & Maher, 1991:4; Lord, Brown, & Harvey, 2001:286).

As a result, leadership behaviour can be recognized based on the fit between an observed person's characteristics with the perceivers' implicit ideas of what leaders do. Lord and Maher (1991:98) further writes that even though leadership perceptions may not be real, they are used by perceivers to distinguish leaders from non-leaders or effective from non-effective leaders. Thus, employees' perceptions of black top managers' leadership style influence their attitudes towards their leaders and as a result, influence their commitment to the organisation.

Bartley (2013:165) and Hacker (2010:180) mention that regardless of mental aptitude, social or educational achievements, colour as the outward indicator of race has been made the standard by which men are perceived. There is a global racial stereotype of black managers as being unintelligent, ambitionless, loud speakers, unmannerly, argumentative, friendly, sociable, honest, talkative, pleasant, and caring (Niemann, O'Connor, & McClorie, 1998:103). Also, black people are branded as having far less in common with successful managers (Tomkiewicz, Brenner & Adeyemi-bello, 1998:89). These prejudices are evident in society and can pose immense challenges for black top managers.

Block, Aumann and Chelin's (2012) study of the differential characteristics ascribed to managers as a function of racial group information in the United States attempted to clarify the stereotypes of black and white managers. It was found that black managers are stereotyped as interpersonally skilled and unpolished when compared with white managers. These stereotypes are found to have an effect on how employees respond to the leadership style of black managers.

Nonetheless, black top managers, by virtue of their positions, have power and authority to lead organisations. Irrespective of their race, they are expected to provide the necessary leadership that will influence employees positively so as to reach the desired organisational performance. It is only when they provide effective leadership to subordinates that these stereotypes can be counteracted.

Khoza (2011:447) states that South Africa's racial reality patently contradicts reason and progress requiring the need for corrective action. In other words, if black top managers are to be seen as capable leaders, they themselves have to

cultivate the desired leadership behaviours. While Collard (2007:750) suggests that it is imperative to recognise various frames of references operating in particular situations, Daft (2008:334) states the following different frames in which leaders operate:

**Structural frame.** Leaders place emphasis on plans, setting goals and clarifying expectations in a bid to provide order, efficiency and stability. There is a reliance on the power and authority obtained through organisational position to influence others. Clear job descriptions, rules and procedures and administration systems are emphasised. The leader views an organisation as a system that is coherent and as such endeavours to achieve clarity on direction and control systems.

**Human resource frame.** Leader defines problems and issues in interpersonal terms and looks for ways to adjust the organisation to meet human needs. This is as a result of him/her viewing employees as the organisation's most valuable resource. They focus on relationships and often empower subordinates by involving them in daily organisational operations. Also, subordinates are provided with opportunities for personal and professional development to gain their commitment.

**Political frame.** Power and politics are considered ordinary and critical to the organisational life. Leaders perceive ongoing internal conflict and tension over the allocation of resources as characteristic of the manner in which the organisation operates. Most of the time, leaders spend time networking and building partnerships to influence the sway of conflict and tension. There is an endeavour to build a position of influence because position and personal power are used to achieve desired result.

In addition to the aforementioned frames through which leaders have been found to operate, there are cultural factors, which can be described as values that influence leadership behaviour. Den Hartog, House, Hanges and Ruiz-Quintanilla (1999:225) write that the interpretation of the social environment is influenced by cultural background. Hofstede (1991) has identified the following dimensions of culture that influence the behaviour of a leader and thus impacts employee attitude:

**Power distance.** In high power distance cultures found in various communities, leaders rule and subordinates submit. The organisation, for leaders who are from these communities, is categorised by a clear chain of command and formal structure (Howell, DelaCerde, Martínez, Prieto, Bautista, Ortiz, Dorfman, & Méndez, 2007:455). Leaders who are influenced as such and by virtue of their positions held in organisations have considerable freedom to decide how organisations are run and are expected to play a major role in influencing the culture of an organisation (Taormina, 2007:86). Africa is found to be of high power-distant culture (Hofstede 1994:6), thus black top managers who have emerged from this culture may assume that the influence of work outcomes can be managed in a power-distant way.

**Uncertainty avoidance.** In this culture, clear rules and procedures are set to reduce unpredictability and increase the reliability and trustworthiness of the environment operated in. Communities that seek the avoidance of uncertainty consistently aim to curb the unknown by seeking detailed information. Similar to the high power-distance culture, these cultures are associated with bureaucratic rules and practices. The culture further places high emphasis on behaviour that emphasises the need for social and cordial interaction before beginning the task at hand. Therefore, black top managers who are influenced by this culture value trust as important in the leader-employee relationship.

**Individualism / collectivism.** Collectivism cultures are pigeonholed by a clear, tight social framework where subordinates differentiate themselves very clearly from in-groups and out-groups. Subordinates within the circle display a strong sense of comradeship amongst them such that they are trusted deeply and are groomed for subsequent higher-level positions. The manifestation of this culture amongst black top managers might lie in the reservation of career opportunities for employees who form part of the same groups with which they are associated regardless of the employees' job competence.

**Assertiveness.** Communities that value power and domination amongst certain individuals within the community have been found to present an assertive culture.



Black top managers who may have been valued based on assertive culture criteria use the same criteria whilst exercising positions of authority.

**Time orientation.** Communities influenced by western cultures have developed a culture with an emphasis on the value of time, perceive time as a scarce resource and tend to be impatient, whereas communities influenced by African cultures with a casual orientation of time, view time as an unlimited and unending resource and tend to be patient. Communities influenced by Western cultures with an emphasis on time, have therefore developed leaders who frequently instruct stringent time constraints for the execution of tasks and are fervent to complete the business at hand.

In contrast, the influence of African communities has developed black top managers who may perceive time with a more casual orientation and thus black managers tend to have cyclical, synchronic or polychronic perceptions of time which affect planning negatively (Booyesen, 2001:49; Lee, 2011:227). This may affect black top managers in the prioritisation of tasks based on urgency, which may correlate differently with individual employees.

Thomas and Bendixen's (2000) study of 586 South African middle managers indicates that people of white English, white Afrikaans, Asian, Coloured, black Xhosa, black Zulu, and black Sotho descent display similar characteristics of individualism, masculinity, femininity, and long-term orientation. Power distance for white people was very low, while black people scored even lower in that dimension. Uncertainty avoidance was average for white people and much higher for black people. The power-distance score for black South Africans was the second lowest of all of the 62 countries included in the project GLOBE study.

McFarlin, Coster and Mogale-Pretorius's (1999) study also suggests that black Africans would be characterised by very high uncertainty avoidance (as opposed to low uncertainty avoidance for Anglos), collectivism (individualism for Anglos and Afrikaners), femininity (masculinity for Anglos and Afrikaners), and short-term orientation (long term for Anglos and Afrikaners). These differences suggest that a more Afrocentric approach to leadership may be displayed by black top managers in SOEs.

Mbigi (1997:81) states that due to the prevalent Eurocentric management practices prior to 1994, South African organisations have seen an increase in the diversity of managerial and leadership ranks, which has given rise to an Afrocentric approach to leadership. Booysen's (2001) study on the different leadership values between African black and white managers in South African organisations showed that the culture of white South African managers is largely congruent with Western or Eurocentric management, whereas the culture of black managers is Afrocentric and differs greatly from that of white managers.

Further to Hofstede's classification of culture, Trompenaars and Hampden (1998:9) classify culture on three levels: national culture (culture which differentiates one society from another); organisational culture (the ways in which attitudes are expressed within specific organisations); and professional culture (people with certain functions sharing the same professional and ethical orientation).

National culture is further divided into three perspectives: social perspective (a feature of social life); historical perspective (values which are inherited in the population of a particular nation); and individual perspective (values and norms of individuals) (Shahin & Wright, 2004:500-501). Nel, Van Dyk, Haasbroek, Schultz, Sono and Werner's (2004) study found that national culture explained more differences in work-related attitudes than did other diversity issues such as age, gender, profession, or position within the organisation. Shahin and Wright (2004:505) also state that national culture influences the types of behaviours which are regarded as being associated with leadership.

Brain and Lewis (2004:274) are of the opinion that due to cultural differences, a combination of leadership styles is required when working with a multicultural workforce. Penceliah (2011:46) defines a multicultural workforce as employees from a variety of different cultural and racial backgrounds that ideally reflect the demographics from which they are drawn, and a multicultural workforce introduces a variety of world perspectives and new ways of exploring, addressing and resolving challenges.

Sithole's (2001:69) study on cultural values across four population groups in South Africa notes that the diverse South African subcultures and their differences with regard to cultural dimensions present a challenge to managers in their interaction with their employees. This may be due to the fact that in certain instances employees from different cultural backgrounds may not respond the same way to leadership styles and this would impact upon leadership effectiveness.

Cultures therefore vary in their notion of the most important characteristics of effective leadership and in consequence the evaluation and meaning of a leader's behaviour and characteristics may also vary in different cultures. Thus, the degree to which cultural values and norms shape subordinates' reaction to the leadership becomes critical to the ability of the leader to adapt the leadership style (Zhu, 2007:89). As such, black top managers' leadership styles may be effective when they are aware and acknowledge the different cultural values that exist in SOEs.

Lee (2011:227) states that even though black managers are incorporated into predominantly Anglo-American business cultures, the historic extreme Westernisation may take a while to assimilate the Afrocentric approach. Madi (1995) and Khoza (1994:121) declare that the thinking, action and behaviour of the South African corporate world and culture lies somewhere between that of Europe and the USA and has nothing to do with Africa. Hence when entering into leadership positions, black top managers face challenges such as being perceived as having poor leadership skills (Heilman, Block & Stathatos, 1997:604) and being less evaluated on the job than their white counterparts (Greenhouse, Parasuraman & Wormely, 1993:274).

Zack and McKenney (1995:396) maintain that organisational context reflects sociocultural factors affecting knowledge, such as culture, power relations, norms, reward systems, and leadership style. Khoza (1994:121) further notes that corporate South Africa is very Eurocentric and that the manifestation of this corporate style includes decision making that is informed by power relations rather than consensus, and fosters adversarial rather than consensual relationships between managers and employees.

Therefore, the entry of black managers, arguably with indigenous African orientations, into Eurocentric, state-owned enterprises belches challenges, not the least of all, a possible clash of culture-coloured leadership styles. Fortunately, Booyesen (2001:57) argues that South African managers are not compelled to choose between Afrocentric and Eurocentric orientations, but to integrate both as best they can. This is likely to be a tricky prospect as the application of different leadership styles based on a fusion of cultural orientations bodes no guarantee to generate good business performance results.

This challenge is likely to gain prominence in the light of the profound diversity that is characteristic of the South African working population. Hence, knowledge of the leadership styles of black top managers in SOEs in South Africa becomes insightful and even more so when the existence of an association between prevalent styles and business performance is examined.

Hofstede (1994:2) writes that national culture is shaped by education and experience and the influence may be detected in the personal attributes of leaders and subordinates. Dubrin, Daghish and Miller (2009:96) uphold that education influences behaviour because it moulds the individual's character and intellect. In other words, education changes the nature of the leader in the way they approach life, self-image, basic assumptions and values. According to Mirowsky and Ross (2005:33), education builds human capital as it teaches an individual to solve problems, develop skills and ideas, find and use information, and think logically and rationally so as to make and execute plans.

Slagsvold and Sorensen (2008:26) declare that education provides individuals with skills and resources to do their job effectively. They point out that individuals are moulded by education and that such individuals are more likely to have a great degree of control and experience success in exerting such control because they trust in their own ability to overcome obstacles, make realistic plans and believe that personal agency can be effective. Education is therefore viewed as a resource that is internalised and influences leadership behaviour.

Even though it is assumed that black top managers may possess different value systems, it is important to note that they have been and are still educated with a

Western approach (Nkomo, 2011:366). This approach could delimit the ability to draw on one's personal experiences, engraved cultural background and social norms as guides for behaviour and active performance. In the Project GLOBE study, Javidan and House (2001) conclude that there are similarities amongst the Dutch, British, and American cultures and that of South African managers, due to management education in South Africa having been strongly modelled on British and American systems.

This is affirmed by Black and Geletknycz (2006:96), who state that initially, black people who were appointed into management positions were predominantly those individuals who had foreign qualifications and/or were already well versed in Anglo/American cultures. However, it was to be expected that future black leaders would also emerge, in part, from advancement through the ranks and from persons trained in South African universities.

Black and Galetkanycz (2006:106) also mentioned that to encourage the managerial development of black South Africans, special programmes were established in the United States, such as New York City's Professional Development Program (PDP) and the South African Management Program (SAMP). The PDP established relationships between senior managers at American companies and black middle- to upper-level managers from South African firms who participated in both educational coursework and internships. Thereafter, black South Africans who left the country to receive education and professional experience elsewhere began to return to South Africa to assume the positions of leadership.

In addition, Black and Galetkanycz (2006:106) state that more black African managers are developed through on-the-job management training programmes rather than through the Eurocentric curricula of business schools. However, the contention is challenged by Amoako-Agyei (2009:332), Nkomo (2011:366) and Benyah (2014:82) who argue that leadership and management literature is westernised and that more research needs to be conducted to build African management literature. Therefore, it would seem that even the on-the-job training is influenced by Eurocentric curricula due to the dominant westernised leadership and management literature that black top managers are exposed to. Against this

backdrop, it can be inferred that black top managers' leadership behaviour is shaped by Eurocentric and Afrocentric views as much as the workplace itself comprises a mixture of employees raised and taught from both worlds.

As a result of the different contexts under which leadership behaviour continues to be described and analysed, Bass and Avolio (2000) developed a full-range leadership model that consists of three themes of leadership, namely transactional, transformational leadership and laissez faire. This model has been adopted as an integral part of this study as it seeks to investigate whether black top managers display transactional leadership, transformational leadership or laissez-faire leadership styles in the state-owned organisations.

### **2.5.1 Transactional leadership**

Daft and Marcic (2008:456) argue that the transactional leadership theory is based on a traditional management process of short-term planning, organising and controlling. Essentially, transactional leaders initiate proper structures, provide reward and incentives, and show consideration for employees. This leadership style is considered to be suitable in an organisation where problems are simple and tasks are clearly defined and repetitive (Orme, 2009:10).

The transactional leadership style involves a social exchange process between a leader and subordinate. The exchange is established and maintained if the benefits, according to the organisation and the employees, outweigh the costs. The leader and subordinates perceive each other as being potentially instrumental in the fulfilment of each other's needs (Pastor & Mayo, 2008:342). There is a psychological contract between the leader and follower and so the employees are managed in a relationship characterised by give-and-take dependencies (Kent, Crotts & Azziz, 2001:222).

The relationship maintained is such that one gives in order to receive and this is the reason why employees are provided with material or psychological rewards restricted to the fulfilment of the contractual obligations. The leader promotes uniformity by providing extrinsic, positive or negative rewards to employees and

the employees' receipt of the rewards or avoidance of the punishment is contingent on their successful completion of the task (Daft 2011:73).

Transactional leadership is responsive and its basic orientation is dealing with the accurate diagnosis of situational factors and the subordinates' expectations within these situations (Popper & Zakkai &, 1994:6). Daft (2011:356) posits that leaders using the transactional leadership style provide subordinates with what they value, focus on the present and excel at keeping the organisation smooth and efficient. This implies that even if the leadership styles of black top managers' were to be transactional, it still has the potential of producing expected results for the employees and organisation. According to Bass and Avolio (1990), the transactional leadership style is characterised by the following features:

**Contingent reward** – The leader sets mutually agreed goals which are linked to a reward, clarifies expectations by discussing with the subordinates what is expected of them, and provides them with resources to execute the tasks.

**Management by exception** – The leader exercises control by closely tracking and monitoring the performance of subordinates. The emerging deviations from the set standards are corrected to ensure good performance. When the performance falls below the threshold, the leader feeds back the information to the subordinates. The negative feedback may be accompanied by re-clarification and encouragement, disapproval, a reprimand, a formal citation, suspension or dismissal.

Liu, Liu and Zeng (2011:284) note that a transactional leader usually operates within the strict confines of an existing system rather than trying to change it through attempting to satisfy the current needs of employees. According to them, such leaders tend to focus on exchanges and contingent reward behaviour; paying close attention to deviations, mistakes and irregularities; and taking actions to make corrections.

They maintain that transactional leaders have an inclination towards risk avoidance and focus on time constraints, standards and efficiency. These kinds of leaders have a tendency to deal with deviations with unsympathetic criticisms, resulting in the subordinates being scared of trying new methods (Liu, Liu & Zeng, 2011:284).

Bass (1998) maintains that transactional leaders emphasise and clarify roles along with task requirements. In other words, the leader clarifies what the subordinates need to do to complete a transaction and the subordinates' failure to do so may cause the leader to take corrective action. By clarifying expectations, leaders somewhat help subordinates build confidence in performing their jobs and always encourage them by exchanging rewards for services rendered (Klenke, 2005:62). Camps and Torres (2011:213) write that clarifying expectations is beneficial to employees because it motivates them and they are able to take corrections when required so as to achieve the desired objective.

Locke, Stajkovic and Latham (2010:243) further state that clarifying expectations is critical because it helps employees form specific and time-bound performance goals which are necessary to achieve optimal performance. The style links with path-goal theory as the leader's behaviour contributes to the employees' efforts and performance by means of clarifying subordinates' expectations that will pay off as a result of their efforts (Bass & Stodgill, 1990:321). This process relates to the task cycle process described by Wilson, O'Hare and Shipper (1989) in Bass and Stodgill (1990) as shown in Table 2.2.

The table suggests that the focus of individuals as it pertains to certain tasks would differ according to the person's role in the organisations, be that as an executive, leader, manager or subordinate. Further differentiation of focus occurs on the basis of the functional area of the employee with regard to subordinates. For instance, while it is the focus of executives to develop strategies, subordinates are preoccupied with operational matters such as rendering a service or dealing with day-to-day client issues. This, in addition to the other tasks, signals the reality of a difference in roles in the organisation, particularly when leaders and subordinates are compared. Despite the differences though, the onus rests with leaders to galvanise subordinates to contribute to business performance. Undeniably, transactional leadership is viewed as an independent variable which exerts influence downward (Camps & Torres 2011:213). Leaders using this style rely on legitimate power, which gives them the formal authority to ensure that tasks are executed.



Table 2.2: Task cycle model

				<b>Subordinates</b>	
<b>Generic Task</b>	<b>Executives</b>	<b>Leaders</b>	<b>Managers</b>	<b>Service</b>	<b>Sales</b>
<b>The goal</b>	<b>The goal</b>	<b>The goal</b>	<b>The goal</b>	<b>The goal</b>	<b>The goal</b>
What do I do?	Clarify and direct mission achievement	Envision and initiate change for the future	Clarify and communicate today's goals	Give service, keep one's own goals clearly	Meet the client's needs and earn revenues
<b>The Plan</b>	<b>The Plan</b>	<b>The Plan</b>	<b>The Plan</b>	<b>The Plan</b>	<b>The Plan</b>
How do I do it?	Develop and communicate strategies	Solve novel problems resourcefully	Plan and solve problems that are encountered	Solve the client's problem as an adviser	Give service, be professional, analyse needs
<b>Resources</b>	<b>Resources</b>	<b>Resources</b>	<b>Resources</b>	<b>Resources</b>	<b>Resources</b>
How do I carry out the plan?	Develop a supportive culture	Modelling, mentoring and challenging	Facilitate by coaching and training	Professional/technical skills	Knowledge of the product, empathy, probing skills
<b>Feedback</b>	<b>Feedback</b>	<b>Feedback</b>	<b>Feedback</b>	<b>Feedback</b>	<b>Feedback</b>
How do I know I am performing?	Track and share information	Develop an awareness of the impact of the task	Obtain and give feedback on the subordinates' performance	Inquire about and follow up on the impact	Ask and identify questions and resistances
<b>Adjustments</b>	<b>Adjustments</b>	<b>Adjustments</b>	<b>Adjustments</b>	<b>Adjustments</b>	<b>Adjustments</b>
How do I fix mistakes?	Direct/oversee other managers	Use persuasion to gain and maintain commitment	Correct the time and details to meet the goal	Self-control to meet commitments to service	Answer objectives, ask for order
<b>Reinforcement</b>	<b>Reinforcement</b>	<b>Reinforcement</b>	<b>Reinforcement</b>	<b>Reinforcement</b>	<b>Reinforcement</b>
Satisfaction from achievement of the task	Share rewards for the organisation's success	Share rewards for supporting change	Recognise and reinforce the subordinates' performance	Recognise and reinforce cooperation	Express appreciation to clients
<b>Result</b>	<b>Result</b>	<b>Result</b>	<b>Result</b>	<b>Result</b>	<b>Result</b>
Task achieved	Mission accomplished	Change for the better	Today's goal achieved	Service rendered	A sale

Source: Bass and Stodgill (1990:320)

To realise commitment and loyalty from their employees, leaders enforce the powerful nature of their position, rewards and authorisations under their control (Kanungo, 2001:261). The problem with this type of leadership is that subordinates are not intrinsically self-motivated, but are motivated by rewards and punishment. They are neither independent nor empowered since they are always monitored.

Due to the instructive environment, subordinates are not expected to go beyond their leader's initial expectations, nor are they motivated to try out creative solutions to change the status quo (Liu, Liu & Zeng, 2011:282). In other words, subordinates are not encouraged to be creative and innovative and this signals that leaders are not open to new ideas which might clash with the existing plans. Due to the nature of this style and the characteristics of the subordinates, it may be found that certain work details are overstressed.

In spite of the abovementioned criticisms, the style is considered to be effective in guiding performance that is aimed at cutting production costs and improving productivity (Agbim, 2013:57). Transactional leadership cannot be substituted with another style and this assertion is supported by the situational leadership theory that proposes that the suitability of the style is dependent upon the context. For example, the followers who value extrinsic rewards would tend to be attracted to this style due to the fact that the leader directs their behaviour to what is mutually desired by the organisation and them.

Transactional leaders deal with subordinates as a means to achieve personal goals (Kanungo, 2001:263) and therefore most studies present transactional leadership as being the least preferred style by employees (Vito, Higgins & Andrews, 2014:818; Xirassgar, 2008:608). However, As-Sadeq and Khoury (2006:844) found the style to be the most frequently used in the Palestinian industrial sector. Also, Tetteh-Opai and Omoregie (2015:64-70) found the style to be effective in sports establishments in Ghana due to the administrative nature of the activities of such organisations. In the midst of the disagreement between authors as it pertains to the use of the transactional leadership style, it is interesting to learn what the existing case is among South African SOEs.

## 2.5.2 Transformational leadership

The increasing importance of the contribution of employees to the organisation has created a paradigm shift in leadership theory that has led to the concept of transformational leadership. The transformational leadership style focuses on relationship-oriented behaviours (Manning, 2002:208) and aims to develop a relationship between leaders and their followers which goes beyond pure economic and social exchange. It has been proven to result in satisfaction with the leader, trust in the leader, as well as respect for the leader (Lee, 2005:657, Conger, Kanungo & Menon, 2000:760). Pearce, Sims, Jnr Cox, Ball, Smith and Trevion (2003:281) describe transformational leaders as those who engage in behaviours that transmit a sense of mission, delegate authority, coach and teach, and emphasise problem solving as well as the use of reasoning. These leaders are seen to be highly esteemed and gifted with exemplary qualities.

The aforementioned qualities of transformational leaders could indicate that black top managers that display a transformational leadership style might be in a better position to influence the values, attitudes, beliefs and behaviours of employees to accomplish business performance aims of their work units in SOEs. Whilst transformational leadership is presented as being relationship oriented, Orme (2009:11) contends that similar to transactional leaders, transformational leaders focus on targets and deadlines. The difference is that transformational leaders display skills that enable them to influence employees easily. Sarros and Santora (2001:392) write that transformational leadership is focused on the personal side of management. Walumbwa, Wu and Orwa (2008:252) also add to this by saying that transformational behaviours result in followers identifying with the needs of their leader. Cardona (2000:205) asserts that transformational leadership is an enriched form of transactional leadership. De Kock and Slabbert (2003:3) elaborate on this by saying that transactional and transformational leaders have an important role to play in modern-day organisations as one cannot exist without the other.

The underlying principles of transformational leadership include idealised influence, motivation, individualised consideration, intellectual stimulation, collaboration, behaviour modelling, follower empowerment, and organisational change (Strang, 2005:69). Bass (1995) elects though to discuss the idea of transformational leadership on the basis of four important factors:

**Individual consideration** – This describes a situation where the leader provides support to subordinates through coaching and teaching, allotting projects to stimulate learning experiences and providing continuous feedback whilst treating each subordinate as an individual. The subordinates are treated individually according to their talents and are also empowered to make their own decisions.

**Idealised influence** – This implies that the leader acts as a role model and this causes subordinates to want to emulate the modelled behaviour. Owing to ethical conduct portrayed, the leader wins the subordinates' respect and trust. Harari (2003:5) notes that everyone is a “boss watcher” as leaders are always in glass houses that make it possible for individuals to pay more attention to what the leader does rather than what the leader says.

**Intellectual consideration** – This points to the fact that the leader provides subordinates with a flow of challenging ideas, motivates followers to think in new ways, emphasises problem solving and the use of reasoning before taking action. A high expectation is created for high performance. Due to the fact that leaders believe in subordinates, they set challenging goals for their subordinates and arouse their expectations about achieving them. This is likely to encourage the self-fulfilling prophecy amongst subordinates that they will succeed, thereby increasing the chances of achieving the goals.

**Inspirational motivation** – This factor relates to leadership that communicates vision, promotes teamwork and behaves in ways that motivate and inspire followers by providing them with meaningful challenges. Along this axis, the leader displays inspirational behaviour by instilling pride in subordinates, using vigour in their communication, setting examples with their own behaviour of what is expected and building confidence and enthusiasm. Subordinates perceive an inspirational leader to be knowledgeable, enlightened, and sensitive to the problems at hand. They feel powerful as a result of the leader's guidance through pointing out desirable goals and how to achieve them.

The focus of transformational leaders lies on intangibles such as vision, shared values and ideas to build a relationship and provide larger meaning to separate

activities, while providing common ground to the subordinates that are in charge of the process. These kinds of leaders have charismatic appeal, meaning they provide vision and a sense of mission, and instil pride, faith and respect. Khatri, Templer and Budhwar (2011:40) define charisma as having great emotional appeal and connection with the values and feelings of followers, while vision is having realistic and highly beneficial ideas or goals that are favourable in the long term for subordinates. According to the authors, leaders who possess these behaviours excel in social skills because they are aware of their social environment. Additionally, they are more prepared to adjust their styles in keeping with social demands within the workplace. Typically, the transformational leader excites, arouses and inspires subordinates (Dubrin, 2010:321).

Transformational leaders have been observed to display a variety of characteristics which have influenced them to be change agents, courageous individuals, believers in people, high moral standing and life-long learners equipped to deal with difficult challenges, ambiguity and uncertainty (Mcguire & Hutchings, 2007:162). In recognition of these positive characteristics, Bass and Avolio (1994) and Cardona (2000:202) argue that it is important for a leader to influence subordinates to such an extent that the subordinates become proud to identify themselves with an organisation. They further state that by doing so, it motivates subordinates to value and sacrifice themselves for the objectives of the group.

Transformational leaders convey the meaning of an organisation which is found in the image of the organisation, its position in the environment, and its collective purpose. The new meaning may be provided in the unfreezing of old interpretations and creating new ones, or resolution of the rhetorical problems faced by subordinates. Indeed, Bass (1991) suggests that leaders who engage in more transformational behaviour are more effective than those who engage in less transformational behaviours.

Similarly, research in the construction industry presents the transformational leadership style as desirable (Limsila & Ogunlana, 2008). It was also found that the transformational leadership style is preferred by leaders in countries such as the United States, Canada, Japan, Taiwan, New Zealand, the Netherlands and Austria

(Bass, 1997). Dorfman and Howell (1997) found that in Mexico, leaders are also more inclined to use transformational leadership. Ardichvili and Gasparishvili (2001) found the same to be true in Eastern Europe.

This harmonises with the findings of Yaghoubipoor, Tee and Ahmed (2013), whose study on automobile industries in Iran revealed that transformation leadership is preferable. Brain and Lewis's (2004) study in Australia found that Australian work groups also prefer the transformational leadership style. The study also highlighted that high overall educational level and self-perceived skill level had a greater influence on their preference than did their cultural values.

Brain and Lewis (2004:273) argue that transformational leadership behaviour preferences seem congruent with a better-educated workforce because this kind of workforce is eager to apply and improve its work abilities. The workforce tends to do well because transformational leader imparts a sense of mission and stimulates the workforce's learning and thinking.

Transformational leadership has been found to induce the greatest satisfaction, willingness to exert extra effort, and effectiveness among employees (As-Sadeq & Khoury, 2006:845). Due to the inspiration, vision, courage, creativity and optimism observed in this kind of leadership, subordinates tend to favour such leaders and consider them to be worthy of being followed (Gadeken, 2005:10). The touted benefits derived from the abovementioned studies show that the transformational leadership style is beneficial to the employees and organisation and thus black top managers may be more effective when utilising this leadership style. This implies that by displaying transformational leadership, black top managers stand a chance of transforming previously disengaged subordinates into active ones and thus promoting employee commitment.

Interestingly, Yukl, Gordon and Taber (2002:17) contend that since there are differences in job requirements and discretion across levels in organisations, hierarchy has to be recognised as one of the determinants of leadership style. Daft (2011:356) states that transformational leaders lead changes related to the organisation's vision, strategy and culture, while promoting innovation in products

and technologies. In contrast, middle and especially first-level leaders are likely to be more transactional in their leadership activities as they are concerned with changes through day-to-day activities and not with strategic transactions (Oshagbemi & Gill, 2004:94).

An exploratory study of the effects of transformational, contingent reward, and active management by exception leadership across the ranks in the Canadian military by Ivey and Kline (2010) revealed that transformational leadership behaviours increased with rank. Another study of Oshagbemi and Gill (2004) found that leadership styles and behaviour of managers at different levels in UK organisations differ and the suitability of a specific leadership style is related to the level of management. Consequently, the study concludes that the transformational leadership style is more effective at the top management level.

Furthermore, this position finds support in the finding of Birasnav (2014:205) that top-level leaders in the manufacturing environment exhibit transformational leadership behaviours while implementing manufacturing strategies in their firms. This, the study contends, is because the style enables leaders to transform the production system into a flexible system while concurrently reaping the benefits of cost containments. On this basis, it was therefore expected that black top managers in South African SOEs might possibly have this as a predominant style.

Turner's (2006:157) investigation of the possible relationship between racial identity and the transformational leadership behaviours of the African-American male found that if one's racial identity is strong, then transformational leadership behaviours exist. It was then deduced that an individual with a strong racial identity might contribute to the successful implementation of organisational innovations required to effectively manage the changing American workforce. This might perhaps be the case among black top managers in the South African SOE context, who are of interest to the study.

### **2.5.3 Laissez-faire leadership**

Laissez-faire leadership refers to indifference or lack of leadership towards both the followers' actions and organisational outcomes (Xirasagar, 2008:602). It is

non-authoritarian leadership style where leaders try to give the least possible guidance to subordinates and attempt to achieve control through less obvious means (Van Wart, 2005:287). With this style, leaders believe that people excel when they are given the autonomy to respond to their responsibilities and obligations.

The leader gives complete freedom to subordinates, which means that they are allowed to make decisions on their own. Even though the leader provides subordinates with the tools to do their work, he/she does not participate in their work except when asked. Laissez-faire leaders tend to provide no restrictions and generally refrain from making decisions. Unfortunately, this may lead subordinates to be uncertain about their authority, responsibilities and duties (Bass & Stodgill, 1990:545).

This style of leadership is inactive and as a result, subordinates do not know where they stand with the leader because of the absence of leadership. The laissez-faire leadership style is accompanied by a lower sense of accomplishment, less clarity about what to do and a reduced sense of group unity (Bass & Stodgill 1990:544). Sarros and Santora (2001:390) write that the style is characterised by non-commitment, laziness, complacency, avoidance and abdication of responsibilities.

Studies found that work performance produced under this leadership is often of a poor quality (Bass & Stodgill, 1990:544-545). This is largely because laissez-faire leadership is characterised by low initiation and consideration, low task and relations orientation as well as low direction and participation. Indeed, the laissez-faire leadership style is the least commonly occurring leadership style and is found to be used by leaders with low educational background and low previous managerial experience (As-Sadeq & Khoury, 2006).

The laissez-faire leadership behaviour damages the organisational goodwill and frustrates hard-working employees (Sarros & Santora, 2001:390). The subordinates are isolated from the leader and there is no cohesion in the team. This is due to the fact that the leaders using this style do not exercise leadership, but relinquish their duties to subordinates. As such, there is no difference between the roles of leader and subordinate. If this is the case, then the display of such a



leadership style may be detrimental to intended business performance, even in the case of black top managers in South African SOEs.

The above discussion of leadership styles emphasises that fact that leadership is moulded by a variety of factors in different settings. However, more research appears to be leaning favourably towards transformational leadership styles. Still, based on the unpredictability of which leadership is effective when put into practice, the style cannot be prescribed to be effective across different settings. Hence, a need to identify the predominant leadership style of black top managers in a South African context was essential for this study.

## **2.6 Summary**

The first section of this chapter presented a review of extant literature related to various leadership theories as well as the constituents of effective leadership. The set of theories reviewed are built around the interactions of five key elements of leadership: the leader, context, organisational structure, employees and shared goals. The chapter additionally highlighted the need to emphasise the difference between management and leadership so as to understand the leadership role of black top managers in SOEs.

The chapter also dwelt upon seminal leadership theories related to the traits, behavioural, contingency and integrative approaches. The trait approach is founded on the characteristics of the leader; behavioural theory on what the leader does; contingency theories on the contextual factors that drive leadership behaviour and integrative theories on the relationship between the leader and employees. The chapter then concludes with a discussion of leadership styles from Eurocentric and Afrocentric perspectives. It also discusses leadership styles anchored on the three themes of transformational leadership, transactional leadership and laissez-faire leadership. Having presented the overview of leadership in the work environment, it becomes imperative to discuss the second construct of the study and that is employee commitment, in the next chapter so as to create the necessary theoretical basis for the exploration of the anticipated association between the leadership styles and employee commitment.

## CHAPTER 3

### Employee commitment

#### 3.1 Introduction

Employee commitment as a concept has attracted research interest mainly due to the realisation and acknowledgement of its importance in the success of an organisation. The acknowledgement of this concept has prompted organisations to invest significant effort in attracting and retaining committed employees (Mercurio, 2016:390). This is, as Lesabe and Nkosi (2007:35) argue, because having committed employees assists an organisation to become more competitive. Indeed, DuBois and Associates (1997:1) contend that for an organisation to succeed in its total quality and work re-organisation efforts it should at least have 80% of committed employees at all levels.

In the light of this, it seems a rational proposition that in the face of economic challenges and difficult working conditions, employees who are committed to the organisation are capable of exerting the same or more effort if called upon to do so. The awareness of the importance of employee commitment has brought to the fore the notion that the success of an organisation does not only depend on the effectiveness and efficient utilisation of human competencies, but also on the stimulation of employee commitment (Nijhof, De Jong & Beukehof, 1998:243).

A dual focus on production and the needs of employees thus compels an organisation to maintain a balance in the effort of ensuring that both organisational and employee goals are met. By doing so, an organisation may be assured of a stable workforce that can be depended upon to attain desired business performance. For this reason, and others perhaps, researchers continue to seek factors that include amongst others leadership behaviour that promotes employee commitment.

Leadership behaviour is one of the factors that influence the attitudes and behaviour of employees (Philipp, & Lopez, 2013:304). This is mainly due to the fact

that leaders hold a position of power and authority within the organisation (Joo & Park, 2010:483; Macey, Schnieder, Barbera & Young, 2009:26). In other words, leaders possess a unique organisational role that enables them to create the context within which employees operate. Against this background, leadership behaviours are material in shaping employee commitment. Therefore, leadership behaviour could influence the nature or extent of employee commitment that enables the retention of a talented workforce to support business performance.

Black top managers as leaders in SOEs are at the forefront of driving employee behaviour in the SOE and they can be viewed as the principal contributors to the employee commitment. In other words, the leadership styles of black top managers may be a critical variable in the formation of employee commitment. Therefore, to set the tone for the exploration of the possible relationship between leadership style and employee commitment, the chapter attempts to define employee commitment and discuss the different components and characteristics of employee commitment. The employee commitment discussion in the chapter concludes with an exploration of the plausible association between leadership behaviours and employee commitment.

### **3.2 Definition of employee commitment**

Allen and Meyer (2000:286) describe employee commitment as a psychological state that characterises a subordinate's relationship with the organisation, and in cases where this is positive, it has the potential to lower the likelihood of rapid staff turnovers. Sarantinos (2007:6) asserts that employee commitment is directly linked to the psychological contract defined by the unspoken agreement between employees and the organisation with regard to their reciprocal obligations and perceived expectations. Employee commitment is therefore defined as an individual's feelings toward an organisation as a whole and these feelings are evident in the motivation to invest substantial effort into one's work (Nijhof, De Jong & Beukehof, 1998:243). Simply put, employee commitment relates to the strength of the connection between employees and the organisation.

In this study, a reference to the construct of employee commitment represents employee commitment to the organisation. Therefore, the study predominantly

adopts Allen and Meyer's (2000) definition of employee commitment which suggests that it is the employee's strong belief in the organisation, the acceptance of an organisation's goals and values and a collateral willingness to retain organisational membership while exercising considerable effort in pursuit of the organisation's goals.

### **3.3 Theoretical background of employee commitment**

Baron (2012:21) states that despite the extent of empirical research evidence generated on employee commitment of the employee, there is limited knowledge on what it really means in different settings. Mercurio (2016:393) writes that the fragmented evolution of scholarship on employee commitment can be ascribed to the different disciplines under which the concept has been studied. However, despite the fragmented contexts within which employee commitment is studied, the concept is nonetheless considered important to organisations that aim to create a stable workforce that can be depended upon to continue a long-term relationship that sustains business performance (Jain, Giga, & Cooper, 2009:257).

In the kaleidoscope of employee commitment perspectives, there is a consistent element that relates to an exchange process that emanates from a psychological contract between the employee and an organisation. Hence, it would seem that employee commitment is driven by the development of the employment relationship process that cycles through a resource exchange directed by the norm of reciprocity and couched in the provision of benefits and balancing of expectations and obligations (Coyle-Shapiro & Morrow, 2006:419). Raja, Johns and Ntalianis (2004:350) argue that these psychological contracts find some expression in the form of transactional or relational arrangements. Transactional contracts tend to be short term and focus on economic exchanges with a greater emphasis on extrinsic rather than intrinsic rewards. On the other hand, relational contracts are long term and are based on mutual loyalty and trust (Jepsen & Rodwell, 2012:822).

A study by Jabeen, Behery and Elanain (2015) on the impact of relational and transactional psychological contracts on employee commitment in the United Arab Emirates found that the impact of the psychological contract on the employees' commitment to the organisation is the same, regardless of the contractual status.

Essentially, in this particular context, what is of consequence to the effectiveness of either a transactional or relational contract is the individual needs of employees as each contractual relationship when utilised accordingly could result in the same level of commitment.

This interpretation resonates with the position of the social exchange theory, which maintains that employees' actions are motivated by the belief that their employers will reciprocate through rewards, benefits, opportunities, and other positive outcomes (Aselage & Eisenberger, 2003:492). Consequently, in instances where there is a purported imbalance and the subordinates perceive a sense of unfairness and betrayal, the loss of employee commitment unfolds (Herriot, Manning & Kidd, 1997:152). This being the case, it is easy to see that the social exchange theory is in harmony with the equity theory that hints at the desire of employees to maintain a psychologically comfortable balance between what they put into their jobs (equity inputs) and what they get out of their jobs (equity outputs).

According to Nakra (2014:187), equity inputs include qualifications, experience and efforts made by employees, such as loyalty, hard work, skill, flexibility, determination, support of colleagues and personal sacrifices; whereas equity outputs encompass different types of financial remuneration such as salary, bonus, stock options, pension, commissions as well as intangible rewards such as recognition, training, and promotions received by employees from their organisations.

All the above points to the fact that the values and needs of subordinates are recognised as per their individual expectations to boost their morale, which in turn is expected to enhance employee commitment (Coyle-Shapiro & Morrow, 2006:426). Meyer and Herscovitch (2001:301) assert that commitment in general is a binding force and that any variable contributing to the likelihood of involvement, identification, internalisation or congruence will be conducive to the development of employee commitment.

The implication is thus that leaders are conscious of the fact that subordinates have a tendency to develop views on how their contributions are valued and that such perceptions can affect their attitudes to the organisation and may influence employees' commitment (O'Driscoll, & Randall, 1999:206). In alignment with this

trail of thought, the knowledge of black top managers in SOEs of the psychological needs and expectations of employees might enhance the arsenal of tools aimed at deploying appropriate leadership styles and gaining requisite employee commitment.

This is likely to be a major challenge, particularly of the interplay of different variables in the business environment. For instance, leaders are faced with the challenge of a volatile and fluid environment that makes it increasingly daunting for them to sustain achievements as change becomes recurring and coerces the leaders of organisations to defer to competitive pressure by espousing new forms of employment relationships (Maume, Rubin & Brody, 2014:310). This phenomenon is arguably more intensive for leaders in SOEs who are additionally faced by conditions that are potentially characterised by an aggressive political culture.

In spite of these challenges, black top managers as leaders are expected to make sound decisions that balance organisational and individual employee needs to avoid an imbalance that is likely to negatively influence employees' commitment and ultimately organisational performance. Invariably, it would appear that leadership behaviour and its import for the employee commitment can bode important implications for business performance (Zefanne, 1995:9).

### **3.4 Components of employee commitment**

Employee commitment literature reveals that an employee develops more than one type of commitment and each type of commitment corresponds with the potential of sought benefits (Carmeli & Gefeni, 2005:64). This is referred to as a multidimensional approach to understanding employee commitment. This school of thought is based on the fact that each employee develops different components of commitment that affect work outcomes differently and each component is reflected in various degrees that are tinted by employee expectations. However, three strands of employee commitment exist among employees, namely affective, continuance and normative commitment (Meyer, Morin & Vandenberghe, 2015:57; Cohen, 2007:337).

### 3.4.1 Affective commitment

Affective commitment refers to employees' adoption of the values, attitudes and beliefs of the organisation (Meyer, Stanley, Herscovitch & Topolnytsky, 2002:21). The commitment to an organisation's values infers the preparedness of subordinates to exert extra effort to achieve the goals of the organisation. This means employees typically accept organisational goals and values as their own. This component of commitment involves value equivalence between the employees and the organisation and is often consequent upon the compatibility between employee goals and values and organisational objectives (Suliman & Iles, 2000:408).

According to Riketta and Van Dick (2005:491), affective commitment of employees occurs when they feel psychologically closer to the organisation. Thus, affective commitment essentially relates to employees' affection for and identification with an organisation. Chang, Leach and Anderma (2015:318) state that employees feel a sense of affection when they perceive their leaders to be fair, supportive and flexible, which makes it easy for a working partnership of managers and employees to form. The strength of affective commitment is therefore influenced by the extent to which the individuals' needs and expectations are met. As such, the level of affection increases when employees consider their relationship with the organisation to be relational, leading them to perform beyond the expectation through engagement in optional activities on behalf of the organisation (Chong, Muethel, Richards, Ping Fu, Peng, Shang & Caldas, 2013:375; Gellatly, Meyer & Luchak, 2006:333).

A high level of affective commitment is desirable by organisations because of the perception that employees who possess a high level of this component of commitment tend to identify with the organisation and as a result are prompted to participate actively in the workplace and further show loyalty to the organisation, which consequently results in a decline in staff turnover (Vandenberghe & Tremblay, 2008:282). Furthermore, high levels of affective commitment tend to be shown by employees who bear feelings of belonging, self-importance and loyalty (Rousseau & Aube, 2010:323). Essentially, the belief is that employees with a high level of this component of commitment continue to work for an organisation

because they are proud to be members of the organisation and therefore want to remain in the organisation irrespective of the available attractive external opportunities.

For instance, a meta-analysis of 22 studies with more than 6 000 participants by Meyer et al. (2002) revealed a moderately strong correlation between affective commitment and organisational citizenship behaviour. Studies undertaken by Mathieu and Zajac (1990), Meyer, Stanley, Herscovitch and Topolnytsky (2002) as well as Cohen (2003) also found that affective commitment consistently demonstrated strong correlations with important organisational variables such as turnover, absenteeism and even performance.

Shamir, Zackay, Breinin and Popper (1998:389) suggest that leaders who positively influence their employees' affective commitment to their organisations raise the level of intrinsic value associated with goal accomplishment, emphasise the relationship between employees' effort and goal achievement and generate higher levels in attaining the common vision, mission and organisational goals. The opinion is supported by Nujjoo and Meyer (2012) who assessed the relationship between employees' favourable perceptions of rewards, affective commitment and intrinsic motivation in South Africa. The findings of their study indicated that leaders who used intrinsic rewards increased their employees' level of affective commitment.

In a study focused on examining vision-based leadership effects on staff satisfaction and commitment in a state-owned energy provider in Thailand, Kantabutra and Rungruang (2013) found that when leaders communicate their vision, it motivates and empowers their subordinates and this subsequently enhances subordinate affective commitment. This position is supported by Liu, Chiu and Fellows (2007) who conducted an exploratory study amongst quantity surveyors in four different types of construction industry organisations in Hong Kong and concluded that work empowerment increases affective commitment.

In essence, it may be important to employees that black top managers' behaviours are aligned with the values of the SOEs. Yang, Tsai and Liao (2014:155) state that when the behaviours of the leaders within an organisation generate employee



approval, employees' affective commitment to the organisation may be increased. Therefore, black top managers who are cognisant of the import of their leadership styles may use it as a tool to increase the affective commitment of employees in SOEs.

### **3.4.2 Continuance commitment**

Continuance commitment is referred to as an employee's psychological bond to an organisation which is premised on the perceived costs and risks related to leaving the organisation (Curtis & Wright, 2001:60). The costs of leaving the organisation may include time spent in the organisation, organisation-specific skills, monetary rewards and loss of attractive benefits offered in the organisation, giving up seniority-based privileges, disrupting family life or lack of alternative employment opportunities outside the organisation (Powell & Meyer, 2004:165).

For these reasons it can be said that employees are drawn to the organisation because of the accumulated investments and the continued benefits of staying in the organisation (Aube, Rousseau & Morin, 2007:481). Holmes, Chapman and Baghurst (2013:802) as well as Ronnie (2016:32) postulate that continuance commitment may be evident in the South African public sector where employees maintain their employment contract with the employer for lengthy periods of time due primarily to job security considerations.

Irrespective of the strategies which may be employed by black top managers to influence the commitment levels of employees, it is possible that employees continuously undertake a comparison of work conditions in SOEs with those of other organisations in the public and private sectors so as to evaluate the opportunity cost of staying/leaving the SOE. This is bound to make it even more challenging for black top managers to retain talent that is capable of contributing positively towards the business performance of SOEs. Iles, Forster and Tinline (1996:19) posit that in the instance where employees feel disgruntled because their perception is that their organisations are not meeting their expectations, their inclination to commit to the organisation would primarily be out of necessity, not choice, which may lead to an increased level of continuance commitment and low organisational performance.

One negative effect of a high level of continuance commitment is that employees might feel stuck in the organisation and as a result not exert more effort when required to do so, but only perform their duties according to what is expected of them in order to comply with contractual employment obligations (Rego, Leite, Carvalho, Freire & Viera, 2004:202). To this extent, it may appear that continuance commitment seems to be perceived negatively and if this is the case, may not augur well for SOEs. While it is acceptable for employees to comply with the employment contract, however, leaders desire that they should be prepared to go beyond expectation when required to do so and additionally produce high-quality work in order to improve the performance of the organisation (Yahaya & Ebrahim, 2016:202). As such, a high level of this type of commitment may be unfavourable for SOEs.

However, there is a counter position as it pertains to continuance commitment. Suliman and Iles (2000), who examined the multidimensional nature of commitment in a non-Western context, and Slocombe and Dougherty (1998), who investigated the relationship between employee commitment relationship and employee behaviour in Saudi Arabia, argue that continuance commitment is a positive organisational phenomenon and organisations should encourage it rather than discourage its development. They suggest that continuance commitment in the workplace can be positively influenced by increasing the intrinsic and extrinsic rewards and fringe benefits that are relevant to employees' needs and expectations. By doing so, employees are dissuaded from terminating their services to the organisation.

On this score, continuance commitment, if encouraged, may be beneficial to SOEs and so black top managers may gain from fertilising the growth of continuance commitment among employees. Taing, Granger, Groff, Jackson and Johnson (2011) conducted an investigation aimed at developing a multidimensional measure of continuance commitment by specifying dimensions for continuance commitment based on perceptions of beneficial economic exchanges and low job alternatives. Their study indicated that continuance commitment comprises a positive and negative side. On the positive side, the organisation might gain from having an engaged employee who is committed to the organisation, but on the

negative side, an employee who feels stuck because of a lack of alternatives outside the organisation, may be psychologically withdrawn from the organisation.

This negative component of continuance commitment is re-emphasised by Carmeli and Gefen (2005:73) found a significant relationship between continuance commitment and withdrawal intentions from occupation. Possibly, the employee's performance would ebb as a result. This behaviour may be costlier than having the employee exit the organisation as the behaviour is not easily noticed (Wagner, Barnes, Lim & Ferris, 2012:1068). Taing, Granger, Groff, Jackson and Johnson (2011) argue that continuance commitment is beneficial to the organisation, when it is consequent upon the employee staying because the organisation is offering the best economic exchange rather than just because of low job alternatives.

### **3.4.3 Normative commitment**

Normative commitment is defined as the employee's moral obligation to remain with the organisation (Allen & Meyer, 1996:253). Employees who can be said to display normative commitment to the organisation are found as a result of their intrinsic sense of obligation which may have been brought about by socialization experiences developed prior to and following entry into the organisation (Allen & Meyer, 1990:4). This implies that an organisation through the investment made in the employees over a period of time builds normative commitment and therefore indirectly instils a sense of obligation to reciprocate (Fullerton, 2014:670).

Employees reciprocate to the extent to which they feel that the organisation has fulfilled their needs and expectations (Aselage & Eisenberger, 2003:494). Therefore, it may be said that the normative commitment of employees in SOEs may be driven by the extent to which they are satisfied with opportunities offered to them by their leaders. As a result, the ability of black top managers to present opportunities for improvement and advancement of their employees may result in increased normative commitment. Generally, some studies (Bansal, Irvin & Taylor, 2004; Bloemer & Odekerken-Schroder, 2007) have found that normative commitment tends to have similar antecedents as affective commitment and therefore it is likely to have similar outcomes in relation to its impact on the performance of the organisation.

Several studies have argued that normative commitment can be shown to have similar antecedents as affective commitment, such as employee trust in the firm, employee satisfaction, flexibility, cohesion, as well as partaking in decision making (Yucel, McMillan & Richard, 2014:1173), and this is therefore likely to have similar outcomes in relation to its impact on the performance of the organisation (Meyer et al., 2002; Bansal, Irvin & Taylor, 2004). Due to the similarities of the antecedents of affective and normative commitment, limited research has been done on the effects of normative commitment. Hence, Meyer et al. (2002) argue that the positive contributors of affective commitment indirectly affect the employees' feeling to reciprocate. Consequently, black top managers who display behaviours that might encourage affective commitment, could also be able, to indirectly increase the levels of normative commitment.

In light of the above discussion of the three components of organisational commitment, it would seem that extant literature predominantly presents affective commitment as the preferable component of commitment. If this position appeals to a manager, then perhaps he/she has to subsequently saddle the responsibility to identify the specific contextual elements that could influence and sustain this form of commitment in order for the organisation to benefit from it. This is arguably the background against which the leadership styles provided to the employees becomes important. Having noted this, it is nonetheless important to emphasise that scholarly efforts have not set out a hierarchical value order for affective commitment, continuance commitment and normative commitment. Given that these are psychological constructs, the assumption that these three types of employee commitment, as presented in most research studies, are mutually exclusive needs to be acknowledged. This is because, in practice, there may be some overlaps in the commitment types and beyond this, since employees are not exactly static beings, swinging between commitment types based upon certain time-framed experiences is not really a distant possibility for employees.

### **3.5 Characteristics of employee commitment**

Employee commitment literature presents a variety of characteristics that underpin the reasons for the attitudes and behaviours of employees. These attitudes and behaviours are believed to have an effect on the decisions of employees to stay or

leave the organisation. These characteristics have been analysed by researchers with the objective of understanding the behavioural indicators of employee commitment and are thus categorised into personal, organisational and work characteristics (Nijhof, De Jong & Beukhof, 1992:243).

### **3.5.1 Personal characteristics**

Personal characteristics are recognised as the antecedent of employee commitment. While there may be other personal characteristics, the study specifically considers those of age, gender and level of education.

#### **3.5.1.1 Age**

Organisations consist of both young and old employees who have different needs and expectations that influence their decision to commit to the organisation or not. Goulet and Frank (2002:205) state that as employees age, their level of employee commitment decreases. Morris, Lydka and O’Creevy (1993:21) also contend that younger employees are more committed than older employees because they are highly motivated to develop a career and are more inclined to adapt to change, whereas older employees could be less committed to the organisation as a result of their personal negative past experiences. Conversely, Baron and Greenberg (1990:174) argue that older employees who have worked for the organisation for many years have a strong attachment to the organisation.

These positions imply that there is some variation in the levels of commitment of individual employees depending on the age of the employee. In a study of young workers in Switzerland, Nagele and Neuenschwander (2014) explored transition from school to work in the first three months and found that this cohort of workers showed task mastery and social integration, which signal growth in employee commitment. Maia, Bastos and Solinger (2016) studied Brazilian newcomers in government organisations and found that newcomers whose commitment grew included older employees who lacked high work centrality. The study also indicated a growth in the commitment of newcomers who were exposed to an appropriate job fit (where training matches the job) and challenging tasks.

For instance, Sturges, Guest, Conway and Davey's (2002) longitudinal study of the relationships between career management activities and employee commitment in the early years of graduate careers revealed that training was more strongly associated with affective commitment in the older age (>41) group than in the middle (31–40) and younger (<30) age groups. Finegold, Mohrman and Spreitzer (2002), whose study looked at elements of the employment relationship that predict commitment and the willingness to change in companies, found that satisfaction with job security was most strongly linked to commitment among older workers, whereas satisfaction with opportunities to develop skills and having one's salary linked to individual performance had a stronger negative relationship with intention to leave among individuals aged under 30 years old.

Kooij, Jansen, Dikkers and De Lange's (2009) meta-analysis study on the influence of age on the associations between human resource practices and both affective commitment and job satisfaction concludes that because older workers are presented with fewer opportunities to change employer, they feel committed toward their existing organisations irrespective of the organisational context and they adopt a shorter time perspective than their younger counterparts largely because of being closer to retirement age. As a result, their level of affective commitment decreases, which in turn may increase continuance commitment.

The study also found that maintenance rewards, performance management, information sharing, teamwork, and flexible work schedules become increasingly important in achieving positive work-related attitudes as one ages. As for younger workers, their commitment levels are strengthened by relevant developmental activities offered by their organisations. Seemingly, older employees want to feel that they are still valued by their organisation, whilst younger employees are more concerned about their growth and employability. Thus, black top managers who are mindful of the fact that employees' needs evolve with age and seek to align the integration of the individual and organisational activities with the age of employees may influence the employees' commitment to organisation positively.

### **3.5.1.2 Gender**

In an attempt to link the variables of gender and employee commitment, Ngo and Tsang (1998), Metcalfe and Dick (2002), Ricketta (2005), and Chin and Hung

(2013) found no significant relationship between gender and employee commitment. However, in a study that included employees from a large corporation in Korea by Cho and Mor Barak, (2008) it was shown that men are more committed to their organisations than women. Meta-analysis on the effect of gender on employee commitment conducted by Aydin, Sarier and Uysal (2011) found that men possess a higher level of commitment than women. Blomme, Van Rheede and Tromp (2010) affirm that women value promotion and a balanced work life, whereas men value clarity with regard to their job descriptions and organisational roles. Besides this, Botsford, Morgan and King (2012:631) state that women embody higher turnover intentions moderated by the psychological contract when compared to their male counterparts.

### **3.5.1.3 Level of education**

Mathieu and Zajac (1990) showed that employees with high levels of education are generally found to have more job opportunities and as a result are less likely to stay in an organisation for long periods of time. Chughtai and Zafar (2006:41) also state that because employees who are highly educated have more opportunities to change jobs, they show lower levels of commitment to their organisations. Tansky, Gallagher and Wetzel (1997:321) assert that employees with high levels of education display low affective commitment levels as their expectations are likely to be higher than what the organisation is able to satisfy.

However, due to the volatility of job markets and growing emphasis on automation that increasingly presents limited job opportunities, educated workers may not have greater options for employment easily available to them. For example, Buchko, Laurence and Sergeyev (1998:110) allude that because of the lack of job opportunities and mobility in Russian firms, the influence of the level of education would not be expected to materially influence employee commitment. Consequently, individuals with higher levels of education may show lower levels of employee commitment in stable economic environments and the converse may be true in volatile economic environments.

### **3.5.2 Job characteristics**

Several studies (Gallie & White, 1993; Peeters & Meijer, 1995; Cuyper & Witte, 2006; Humphrey, Nahrgang & Morgeson, 2007) have shown that job characteristics are the most important factor to predict commitment. Job characteristics provide a set of principles for implementation to enrich the nature of jobs in organisational settings and it has been looked at through Hackman and Oldham's model which presents five different dimensions of job characteristics, such as: skills variety, task identity, task significance, autonomy and job feedback (Slattery, Selvarajan, Andreson & Sardessai, 2010:1540).

Skills variety refers to the extent to which a job requires the application of a variety of skills or abilities. This characteristic promotes high role ambiguity, which results in employees becoming overwhelmed. The provision of necessary support and guidance to employees by their managers tends to promote a structured working environment. Job feedback refers to the degree or manner in which the employee receives direct and clear information about the effectiveness of his or her performance. Managers who use encouragement feedback to enhance followers' belief in their capabilities may ultimately promote employee commitment.

Task significance is the degree to which the job being carried out has a substantial impact on the lives of other people. The assumption is that when employees find their work to be meaningful, they would care about how well they perform and as a result be satisfied and motivated to enhance business performance. Task identity refers to the extent to which a job requires the completion of a whole and identifiable piece of work which briefly means doing a job from the beginning to the end with a visible outcome. The importance of task identity is that employees are able to assess the quality of their work because they are able to see a visible outcome at the end and therefore use their knowledge to benchmark and evaluate the individual steps of their work.

Job autonomy refers to how and when an employee performs his/her duties, as well as the level of freedom in judgment and discretion required/permitted to do their work. Simply put, the concept generally refers to the ability of an employee to exercise free will and self-control on the job. The assumption is that if employees are allowed autonomy, they will feel a greater sense of responsibility for the quality



of their work and thus their motivation and happiness will increase, which decreases employee turnover. As such, commitment may be enhanced by enriching jobs through giving employees more authority.

It is apparent that these characteristics call for different leadership actions that, if appropriate, may result in experienced meaningfulness of the work, experienced responsibility for the outcomes of the work and knowledge of the actual results of the work activities. Therefore, leadership behaviour that carefully outlines the work context of the employee will be instilling a sense of engagement and consequently a commitment to remain in the organisation (Djibo, Desiderio & Price, 2010: 333).

### **3.5.3 Organisational characteristics**

Research has indicated that employees' need for organisational support accentuates the importance of leadership behaviour towards employees' willingness to remain in the organisation (Avolio, Hannah, Reichard & Walumbwa, 2009; Muchiri, Cooksey, Milia & Walumbwa, 2011; Yukl, 2010). Notwithstanding others, organisational support may be provided in the form of career growth and development and benefit packages to influence employee commitment (Lesabe & Nkosi, 2007:38).

#### **3.5.3.1 Career growth and development**

In environments where highly skilled employees with desirable characteristics perceive organisations as springboards for their careers, it becomes increasingly challenging to retain these employees. This is exacerbated by an increasingly competitive demand by organisations for these employees. SOEs will therefore need to overcome their bureaucratic past and adopt new strategies for assisting employees in career management and development (Enache, Sallan, Siom & Fernandez, 2013:891). Employers or SOEs need to provide employees with a range of career development opportunities that promote their willingness to remain in the organisation due to their relevance to it (Crawshaw, Van Dick & Brodbeck, 2012:5).

### **3.5.3.2 Benefit packages**

Fringe benefits may affect employees' morale and job satisfaction and are therefore used as tools to attract, motivate and retain skilled employees. Ibrahim and Boerhaneoddin (2010:45) state that a mix of fringe benefits (intrinsic and extrinsic, financial and non-financial, direct and indirect) are used to create value for organisations and their employees and are determinants of employee attitudes, motivation and behaviours since fringe benefits contribute to improved organisational performance and retention of employees in the organisation.

Against this backdrop, managers are compelled to consider the importance and need for more effective career matching, which can be accomplished by offering multiple rewards and career paths that address the diverse needs of a multicultural workforce (Ferreira, Basson & Coetzee, 2010:8). The study of Snelgar, Renard and Venter (2013), which entailed identifying definite categories of rewards that employees consider to be most important (base pay, contingency pay, benefits, performance and career management, quality work environment, and work-home integration) in 11 medium-sized to large organisations in South Africa, discovered that base pay is deemed to be the most preferred reward component that can be utilised to attract and retain employees. However, they also found out that the employees are generally dissatisfied with the level at which this reward is provided by their employers and that the reward preference differs per age, gender and job level.

Kinnear and Sutherland (2000) as well as Moteswa and Ortlepp (2011) confirm that competitive remuneration packages and performance incentives are the most important factors contributing to employee commitment. This finding is in line with the social exchange theory of reward and value proposition that asserts that the more a reward is valuable to the employee, the higher the likelihood of increased effort towards task execution (Griffith, Harvey & Lusch, 2006:87). For managers, this heightens the importance of matching fringe benefits according to employees' preferences and expectations.

## **3.6 Levels of commitment**

The commitment construct is viewed from a multidimensional perspective because commitment does not develop simply through emotional attachment, perceived

costs or moral obligation as separate constituents, but through the interplay of all three components. The reason being that in as much as subordinates participate in different aspects of their work, their depth of engagement varies over time (Baron, 2012:22).

The view that employee commitment varies over time may mean that one component may lead to an increase in another component of commitment. This may be found in the instance where a positive experience that contributes to strong affective commitment leads an employee to feel the obligation to reciprocate and therefore prompt another component of commitment (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002:40).

In a similar vein, Martin (2008) analysed the most important dimensions and antecedents of employee commitment and revealed that affective commitment affects normative commitment positively. A number of relational variables, such as employee trust in the firm, employee satisfaction, flexibility, solidarity, and participation in decision making, were found to indirectly influence normative commitment through affective commitment.

This is in line with the findings of Briggs, Jaramillo and Weeks (2012) as well as Rego, Ribeiro, Cunha and Jesuino (2011) which showed that most of the work experience variables that correlate with affective commitment also correlate positively, notwithstanding others, with normative commitment.

When organisations make large investments in top management development, compensation and benefits, the reciprocity may result in increased normative commitment. Once an employee reaches the top management level and is an active participant in decision-making fora, the result is that the level of commitment increases in a parallel fashion (Yucel, Macmillan & Richards 2013:1171). This suggests that employees who directly report to their black top managers may present a significant level of affective and normative commitment due to their positions in the hierarchy of management in SOEs.

This discussion therefore suggests that the leadership styles of black top managers may influence each component of commitment and, depending on their leadership styles and the conditions that employees find themselves in, each level of

component might differ or be the same per individual employee. Thus, each component of commitment will depend on the individual reception by employees of the predominant leadership behaviours displayed by their black top managers.

Due to the benefits derived from the different components of commitment, Mahdi, Mohd and Almsafir (2014:1077) state that it is important for leaders to know which aspects play important roles in boosting the commitment of their individual employees. Therefore, the challenge for black top managers would be to identify the range of their behaviours that prompt different components of commitment so as to emphasise those that contribute to employee commitment.

### **3.7 The role of employee commitment**

The competitive business environment characterised by fast-paced technological improvement, rising complexities of business management, pressures of becoming world-class organisations and insufficiency of people with critical skills results in the quagmire of attracting, retaining and utilising talent in organisations (Sani & Maharan, 2015:621).

This calls for organisations to be effective in order to survive. For these reasons, organisations are constantly recruiting and developing skilled and talented employees in relevant and critical areas of expertise. Ronnie (2016:31) states that leaders in the South African public sector are faced with the dual challenge of redress through equity considerations and ensuring engagement with its entire staff complement.

According to Fazio, Gong, Sims and Yurova (2017:512), the salient issue of turnover includes the thoughts and plans of an employee to leave his or her employer and contemplations and plans to explore new opportunities outside the organisation. Therefore, the constant challenge of keeping skilled and talented employees makes employee commitment important to the organisation. Lesabe and Nkosi (2007:35) pronounce that the employment of a good employee does not end with appointment, but of even greater importance is the organisation's ability to retain the employee by providing a fulfilling work environment.

Several studies (Mathieu & Zajac, 1990; Meyer, Stanley, Herscovitch & Topolnytsky, 2002; Riketta & Van Dick, 2005; Vandenberghe et al., 2004) have presented employee commitment as a predictor of important work variables such as turnover, organisational citizenship behaviour and job performance.

De Moura, Abrams, Retter, Gunnarsdottir and Ando (2009) examined the role of organisational identification and job satisfaction in relation to turnover intentions and found that identification with one's organisation offers a strong psychological anchor that discourages resignation intention in a range of organisational contexts.

Research has also shown that employee commitment improves and sustains business performance because committed employees are likely to engage in extra-role behaviours such as sharing of ideas and being creative, which provide organisations with an edge to stay competitive (Nakra, 2014; Liu & Cohen 2010). Cohen (2003:18) also states that members with high levels of commitment are more productive and show higher levels of performance since they release creativity and contribute towards organisational initiatives. Further research shows that employee commitment plays an important role in goal achievement, innovation and stability of an organisation (Gallie & White, 1993).

It is therefore critical for black top managers to understand the ramifications of employee commitment as this may inform the adoption of relevant leadership styles for retaining talented and skilled employees, and by doing this, SOEs may be guaranteed sustainable business performance. In this regard, Hasani, Boroujerdi and Sheikhesmaeili (2013:453) argue that organisations that provide opportunities for managers and employees to use their abilities could increase commitment and bolster organisational performance.

### **3.8 Summary**

This chapter presented a literature review of employee commitment. It also defined the different components of employee commitment, which predominantly include affective, normative and continuance commitment. These were discussed in order to expound on the different ways in which employees become attached to the organisation.

The discussion also brought to the fore various characteristics that tend to influence each component of employee commitment and the resulting outcomes that flow from them. It concludes by summarising the role of employee commitment within the context of organisational operations.

The next chapter therefore draws the leadership styles, employee commitment and business performance together in a bid to present a discussion, gleaned from existing literature, which allows for a better understanding of the relationships between the constructs of leadership styles, employee commitment, business performance as expressed in the conceptual model of the study.

## CHAPTER 4

# Leadership style, employee commitment and business performance

### 4.1 Introduction

The effectiveness of leadership behaviour is often related to business performance, which is why stakeholders tend to shift the responsibility of organisations not achieving their desired business performance to their leadership structure (Mehra, Smith, Dixon & Robertson, 2006:232). However, the argument is that irrespective of the capability of the leader, the desired business performance cannot be sustained without the efforts and commitment of employees (Ghoshal, 2005:80). This implies that regardless of how effective leadership is, without the availability of talented and skilled employees who have the capability to implement the strategic goals of the organisation, the desired performance may not be realised. Thus, the proposed model of this study is premised on the fact that business performance is dependent upon leadership style and employee commitment. This is the reason why it became necessary to identify and distinguish leadership behaviours that nurture commitment types that are beneficial to business performance.

The study is premised on behavioural and situational leadership theories that assert that leadership styles cannot be inconsiderate of the idiosyncrasies of subordinates, particularly because the response to leadership styles varies in different contexts. To this end, the place of employee commitment in the equation of leadership style and business performance should not be overlooked. It is against this backdrop that the study elected to examine the relationships between the leadership styles of black top managers and the implications they may have on the employee commitment of employees and business performance in the peculiar context of SOEs in South Africa. In furtherance of this intention, this chapter explored extant literature focused on possible relationships between leadership styles, employee commitment and business performance from different perspectives and contexts in a bid to formulate the hypotheses of this study.

## 4.2 Business performance

The subject of business performance in South Africa within the public sector has received some attention from a number of scholars (Molefe, Roodt & Schurink, 2011; Mafini & Pooe, 2013). This is mainly due to the understanding that successful state organisations are the key ingredient for developing nations (Gavrea, Ilies & Stegorean, 2011:286). However, the studies that have been conducted in Africa on the subject of the performance of SOEs more often focus on how privatisation affects organisational performance as opposed to what fundamentally drives such performance (Mbo & Adjasi, 2013:1) and this is partly why the study focused on the leadership behaviour variable as the driver of business performance.

Performance is generally concerned with the degree to which organisations achieved their objectives, often considerate of financial standing. Business performance is also commonly viewed in the light of factors such as budgets, assets, operations, products, services, markets and resources (Yeo, 2003:199). In essence, business performance seems to be couched in overall economic and operational terms that include almost any objective related to cost, flexibility, speed, dependability or quality, among others.

However, due to the numerous non-financial factors that affect performance, Lebans and Euske (2006:7) proposed that business performance in particular:

- can be established by using financial and non-financial indicators that offer information on the degree of achievement of objectives and results;
- is dynamic and requires judgement and interpretation;
- may be illustrated by using a causal model that describes how current actions may affect future results;
- may be understood differently depending on the person involved in its assessment;
- can be better understood by focusing on the elements that are characteristic of each area of responsibility; and
- can best be reported if results are quantified.



Some of these thoughts are supported by Robinson, Anumba, Carillo and Al-Ghassani (2005:13) who declare that business performance should not be judged by exclusive reliance on financial information as this is no longer sufficient for understanding the dynamic business environment. Tabiu and Nura (2013:248) affirm that organisational performance is multidimensional. These, amongst others, are some of the reasons why the concept has received significant attention and has been studied in vast fields of research. Business performance can therefore be described as a predominant term for all the concepts that reflect the success of an entity and its activities, including leadership effectiveness (Wall, Michie, Patterson, Wood, Sheehan, Clegg & West, 2004:96; Tangen, 2005:35).

Tetteh-Opai and Omoregie (2015:64) aver that leadership style is a vital issue in the present time due to its impact on business performance. For the purpose of this study, the description of organisational performance by Kaplan and Norton (1992) and Lebars and Euske (2006) was adopted as they describe business performance as the achievement of both financial and non-financial objectives.

In South Africa, SOEs have adopted Kaplan and Norton's (1992) balance scorecard which allows organisations to focus on their key performance areas which if achieved will enhance business performance. The balance scorecard translates vision and strategy into objectives and comprises four aspects, namely: financial perspective, customer perspective, internal process perspective, and learning and growth perspective (Sharma, 2009:9).

In terms of financial perspective, the indicators intend to measure the extent to which organisations reach their strategic objectives by measuring their performance results in areas such as revenue, profitability and asset utilisation. When looking at SOEs in their context as public organisations, this meant measuring the extent to which these organisations achieve their results in the most efficient manner (Niven, 2005:13), as opposed to only considering their profit margins.

With regard to the customer perspective measure of performance on the scorecard, the indicators are mainly aimed at assessing the value proposition of servicing the targeted customers which includes focusing on product leadership

and the long-term relationship with the customer. As for the internal process perspective, the measures assess the extent to which the internal processes that have been implemented can be considered to be the most effective at adding value in servicing the customers. The measures for the learning and growth perspective assess the level at which the human capital, information capital and organisational capital are geared to produce the set performance standard (Chelariu, Roxana, Mardiros & Pavaloaia, 2017:79).

Zeng and Luo (2013:612) criticised the measurement tool for assuming the existence of a cause and effect relationship between the four perspectives and assuming that the linear relationship might not always exist. Yahanpath and Islam (2016:198) also challenged the balanced scorecard for only capturing four perspectives in measuring performance. They pronounced that the current business is complex and that it is unable to highlight the contribution of its employees, suppliers and the community in which it operates, which somewhat renders the four perspectives insufficient.

In contrast, Dumitrescu and Fuciu (2009:41) commended the use of the balanced scorecard for its guidance in laying out better strategy maps and evaluating the company's activity. In support, Sharma (2009:14) also complimented the tool for its value in assisting managers to identify strategies needed to achieve the long-term goal of the organisation as well as the consistency of vision and action, which are considered important for the success of the organisation. The opinion is supported by Hoque and Adams (2011:327) who in their study conducted in the public sector reported the effectiveness of the balanced scorecard.

However, business performance as a measure has been subjected to criticism of subjectivity, which has led to the conclusion that the measure has validity problems. This view is held by Andrews, Boyne and Walker (2006:17) who pronounced that all types of measures of performance have some element of validity issues. Even so, it is very difficult to find an objective means of reconciling many important disputes, given the multidimensional nature of organisational performance. Thus, Wall, Michie, Patterson, Wood and Sheehan (2004:96) aver that studies continue to use subjective measures, as there might be no viable alternative that may be used for the level of analysis.

Given the academic dispute of the performance measures and the organisational practice of measuring performance, there is no agreement on the generic measure of performance. Consequently, the study elected to use the appraised and approved performance scores of work units headed by black managers as a measure of business performance. Moreover, the balanced scorecard is used as a yardstick to assess the effectiveness of the influence of leadership behaviour in achieving the strategic goals of the organisation. Each black top manager who is responsible for the work unit or the overall organisation of SOEs is responsible for ensuring that the strategic goals set in the balanced scorecard are achieved.

The study's use of the balance scorecard ratings for the determination of levels of business performance is not novel as the same tool has been used by Fernandes, Mills and Fleury (2005) as well as Tuan (2012) in their studies that investigated drivers of organisational performance and the leadership styles that pave the way for the use of the balance scorecard system, respectively. Furthermore, the balance scorecard is the performance measurement tool prescribed for use in the SOEs and so it is commonly utilised by management of these institutions to determine work unit performance. While the study projects that the dependent variable of business performance could be linked to leadership styles and employee commitment, the moderating role of span of control especially with respect to the relationship between leadership style and employee commitment ought to be given some recognition.

### **4.3 Span of control**

Managers operate in an organisational structure that is made up of different levels in the form of a hierarchy. The grading of these levels is measured by the number of employees reporting formally and directly to the leader and is referred to as a span of control (Schyns, Maslyn & Weible, 2010:388). The number of employees in a span of control varies according to the level within the hierarchy (Kim, 2016:998). The assumption therefore is that top management who are positioned at the higher levels of management have a lesser number of people who report directly to them. Nonetheless, when conflicting goals exist in an organisation, there

may be a tendency to manipulate the organisational structure and this is likely to affect the span of control (Kwan, Isa & Hin, 2015:123).

Due to the possible influence of span of control on leadership effectiveness, research on the concept has been initiated by management scholars such as Henri Fayol, Lydal Urwick and Luther Gulic, all of who argue that it is favourable to oversee a limited number of employees rather than a large number of employees (Meier & Bohte, 2000:116). Hence, organisations have adopted various recommended ratios for leader to employees, which are envisaged to provide for optimal levels of span of control (Theobald & Nicholson-Crotty, 2005:649).

Schyns, Maslyn and Weible (2010:389), together with Gumusluoglu, Karakitapoğlu-Aygün and Hirst (2013:2270), argue that irrespective of whether or not leaders possess a desired leadership style, the span of their control may interfere with their ability to maintain a high quality of leader-follower exchange relationship across all their employees. Hence, when formulating the applicable ratios, Fayol suggests that factors such as the nature of the task, the nature of instructions provided, the time involved, the amount of authority delegated, workforce skill level (which includes the ability of the subordinates and the ability of the leader), and work environment should be considered (Armstrong, 2012:433).

Napier and Ferris (1993:336) state that when the number of employees reporting to the leader increases, the relationship with subordinates may be strained due to amongst other things a constraint of resources, limited amount of attention support and feedback given to each employee. Moreover, Wallin, Pousette and Dellve (2014:471) assert that a large span of control may lead to lesser interaction with employees and may cause them to work in isolation or against each other. Whereas, in a smaller span of control, leaders may have the opportunity to involve their followers in the decision-making processes and clarify the expectations of the organisation, which will, as a result, influence their employee commitment positively.

This is evident in the findings of Wong, Elliott-Millern, Laschinger, Cuddihy, Keatings and Burnett (2015) who examined the relationships between span of control, managers, job and unit performance outcomes and reported that increasing the number of employees in the span of control intensified role overload,

increased the frequency unit of adverse outcomes and further decreased job satisfaction and work control. The view expressed is that leading a large number of employees is a more challenging prospect when compared to leading a smaller group of employees.

Richard, Ford and Ismail (2006:2093) argue that smaller spans of control are more valuable in improving performance because the environment allows close relationships between those in the leadership roles and their employees; it provides visualisations of building shared goals with employees; it allows greater time and flexibility to provide coaching and feedback to the employees; and it also supports, eases and increases levels of upward communication. It can therefore be said that the size of the span of control allows effective communication that consequently creates trust between the manager and his/her employees, which breeds satisfied employees who are committed to the organisation, whilst the opposite may result in an increased number of employees who intend to quit and therefore increase turnover percentages (Burke, 1996:765).

Sweden, Wallin, Pousette and Dellve's (2014) study of how span of control influences managers' job demands in state-owned company emphasised the value of having a reasonable amount of employees reporting to the manager. In the context of a large span of control, Berson, Shamir, Avolio and Popper (2001:68) advice that leaders need to consistently buffer the relationship between the organisational system and its employees in order to engender more support for the organisation's vision and goals and to develop the employees' commitment to the organisation.

Therefore, given that a smaller span of control is considered beneficial to both the leader-follower exchange relationship and the commitment levels of employees, there is the possibility that black top managers with a small span of control may find it less challenging to provide effective leadership that promotes employee commitment and business performance. The alternative for those with large spans of control may be that they find it challenging to effectively influence the employee commitment and perhaps business performance.

#### **4.4 Leadership style and business performance**

In a bid to achieve better business performance, managers influence the levels of employee satisfaction factors positively by utilising mechanisms such as teamwork, ability, utilisation, creativity, autonomy and working conditions, which are all predictors of business performance (Mafini & Pooe, 2013:7). This opinion suggests that productivity and efficiency in organisations is predominantly attained by satisfying employees and being sensitive to their physiological and socio-emotional needs. According to Gavrea, Ilies and Stegorean (2011:286), employee satisfaction may be achieved when managers identify interventions that enable subordinates to respond effectively to new problems and adapt as quickly as possible to changes in the business environment.

Managers as key agents of business performance are therefore responsible for creating a high-performing culture, which is achieved through stimulating and motivating employees, uniting people around common goals and guiding the behaviour of subordinates so that all these variables are aligned to strategic priorities (Daft, 2011:372). On the contrary, when a manager makes poor leadership decisions, it creates dissatisfaction amongst employees and generates feelings of anger, frustration and distrust amongst them (Vasconcelos, 2011:36). This consequently leads to a poor working environment, which causes a decrease in productivity and subsequently results in poor business performance (Mafini & Pooe, 2013:3).

The above discussion signals that leadership behaviour could influence employee job satisfaction, which leads to employee commitment and consequently drives business performance. Therefore, it would seem rational to contend that the leadership behaviours of black top managers are important in the context of organisations such as SOEs. Arguably then, black top managers are responsible for creating a favourable working environment that facilitates higher employee satisfaction levels in order to enhance business performance in SOEs.

##### **4.4.1 Transformational leadership style and business performance**

Transformational leadership is considered to be important because research typically reveals a variety of positive outcomes associated with the leadership style

(Spinelli, 2006:17). This leadership style has a significant impact on the success of an organisation (Jabnoun, Juma & Rasasi, 2005:70; Lam & O'Higgins, 2012:149). Hence, Fuller, Patterson, Hester and Stringer (1996), Lowe, Kroeck and Sivasubramaniam (1996) as well as Dumdum, Lowe and Avolio (2002) were concerned about the extent to which leadership styles have an influence on business performance, and purported that transformational leadership is highly associated with effectiveness, followed by transactional and laissez-faire styles of leadership. However, it is imperative to note that the order might not be exactly the same for all employees when one begins to take account of individual preferences, expectations and contexts.

The positive outcomes, derived from displaying a transformational leadership style consistently, show that the behaviour is linked with productivity and performance. Barnett, McCormick and Connors's (2001) study conducted in New South Wales State Secondary School indicates that transformational leadership behaviour is desirable. Furthermore, an exploratory study conducted by Brain and Lewis (2004) on the mix of leadership behaviours that different cultural workgroups preferred concluded that the majority of the studied Australian subordinates preferred a transformational leadership style. Similarly, Muterera, Hemsworth, Baregheh and Garcia-Rivera (2015) declared that a positive relationship exists between the transformational leadership style and business performance.

Al-awamilah and Al-Dmour (2005) examined the effects of both the transformational and transactional leadership styles of bank managers on their employees' satisfaction and performance in the UAE banking sector and found that there is a positive relationship between the transformational leadership of bank managers and employee job satisfaction and self-perceived performance. Abu-Tayeh and Al-Khawaldeh's (2004) study also reported that the transformational leadership displayed by Jordanian in the Jordanian Petroleum Refinery Company improved the level of the subordinates' work outcomes. In harmony with this, Aldamour and Alwamleh (2002) found that the transformational leadership style has a positive effect on the business performance. Lowe, Kroeck and Sivasubramaniam (1996), who conducted their study in the public sector, also attest that transformational leadership is more strongly associated with positive performance.

These findings are also consistent with Katou's (2015) study of a national sample of 133 organisations from the public and private sectors in Greece that found that transformational leadership behaviour has a positive impact on organisational growth. In South Africa, Mokgolo, Mokgolo and Modiba's (2012) study of 1 050 full-time employees who operated at a head office in a South African public sector organisation looked at whether transformational leadership has a beneficial relationship with subordinate leadership acceptance, job performance and job satisfaction and found that this is indeed the case. Zhu, Chew and Spangler's (2005) study in Singaporean firms further revealed that transformational leaders improve business performance when they offer rewards to motivate employees towards achieving organisational goals.

Transformational leadership also positively correlates with outcomes such as leadership effectiveness, innovativeness and high performance (Ozarelli, 2003:335). In the light of this, the leadership style is considered to be suitable for the current dynamic business environment because through stimulation and encouragement of innovation, business performance improves (Nusair, Ababner & Bae, 2012:185). In a study of organisations in Japan, the United States, France, Germany and England, Deshpande (1997) confirmed that innovation and development consequent upon a display of the transformational leadership style has a positive impact on business performance. In the Jordanian public sector, amongst other styles of leadership, transformational leadership was seen as the main contributor to followers' innovative behaviour (Nusair, Ababneh & Bae, 2012:194).

Shin and Zhou (2003) found that transformational leadership enhanced followers' creativity in 46 Korean companies. Pastor and Mayo (2008:341) reported that the use of the transformational style was instrumental in leading subordinates and to learn and develop skills. Yahchouchi's (2009) study in Lebanon that investigated employees' perceptions of the prevalent leadership style in Lebanon and its impact on employee commitment indicated that the Lebanese employees preferred a transformational leadership style.

Bennett (2009) has also established in his study of 150 IT professionals that they preferred transformational leadership style and that the more transformational



leadership is displayed by the leader, the more the IT professionals wanted to succeed and try harder to be productive in the workplace. Perhaps this is why it might lend itself to desirable employee commitment and business performance.

Employees exposed to charismatic and intellectual stimulation behaviours, which are facets of the transformational leadership style, perform better (Keller, 1992:496). Tabassi and Bakar (2010:249) declare that transformational leadership qualities inspired followers to go beyond their own self-interest and gave employees a sense of empowerment. This implies that managers who display transformational leadership behaviours can increase the level of satisfaction of subordinates, can make a significant and constructive impact on the transfer of knowledge and therefore improve the performance of their organisations.

Conversely, Hayward, Amos and Baxter (2008) examined the relationship between employee performance, leadership and emotional intelligence and found a weak, non-significant, negative linear relationship between transformational leadership and employees' performance. The analysis of the effect of leadership styles on performance done by Obiwuru, Okwu, Akpa and Nwankere's (2011) in Nigeria also indicated that even though the traits of transformational styles such as charisma, intellectual stimulation and individual consideration showed a positive relationship with organisational transformational performance, the effect is insignificant. Inspirational motivation is another aspect of the transformational leadership style and it has further showed a negative insignificant effect on organisation performance.

Garcia-Morales, Jiménez-Barrionuevo and Gutiérrez-Gutiérrez's (2012) study that analysed the influence of transformational leadership on performance in Spanish firms also found no direct relationship between transformational leadership and business performance. In accord with their finding, Boerner, Eisenbeiss and Griesser's study additionally showed no correlation between transformational leadership style and performance in German companies. Fully cognisant of some of these diverse opinions of researchers, this study hypothesised that:

*H<sub>10</sub>: The use of a transformational leadership style by a manager bears no association with business performance.*

#### **4.4.2 Transactional leadership style and business performance**

While investigating the relationship between leadership style and employee performance in India, Pradeep and Prabhu (2011) found a positive link between both transactional leadership behaviour and performance. Muterera's (2012) study in the United States of America also found that transactional behaviour is positively related to business performance. Obiwuru, Okwu, Akpa and Nwankere (2011), in a survey of selected small-scale enterprises in Nigeria, discovered that the transactional leadership style has a significant positive effect on business performance

On the other hand, Ojokuku, Odetayo and Sajuyigbe (2012:202) examined the impact of leadership style on organisational performance in selected Nigerian banks and their study found no direct relationship between the transactional leadership style and business performance. Furthermore, Ejere and Abasilim (2013) investigated the impact of the transactional leadership style on business performance in Nigeria and found that it was weak but positive.

Paracha, Qamar, Mirza, Hassan and Waqas (2012) sought to determine if the transactional leadership style impacts on employee performance in selected private schools in Pakistan and observed that a transactional leadership style is positively associated with employee performance. In manufacturing firms in Ghana, Dartey-Baah and Ampofo (2016) found that a positive relationship existed between the transactional leadership style and overall job satisfaction. In the Pakistan banking sector, Zareen, Razzaq and Mujtaba (2015), who looked at transactional, transformational and laissez-faire leadership styles of managers and how they influenced employee motivation, showed that even though all three leadership styles may have had a positive impact on employee motivation, the transactional leadership style was the one with the highest positive correlation with employee motivation and performance.

Jabeen, Behery, Hossam and Elanain (2015:80) argue that psychological contracts that aid employee commitment display a positive relationship with transactional leadership. However, Spitzbart (2013:17) was unable to distinguish whether the transactional or the transformational leadership style influenced job satisfaction

and performance more in the hotel industry and therefore recommends a mix of both leadership styles.

On the contrary, As-Sadeq and Khoury (2006) found that managers in the Palestinian industrial sector who displayed a high level of the transactional leadership style created dissatisfaction amongst employees and as such influenced the overall business performance negatively. Waldman, Ramirez, House and Puraman (2001) found that no significant relationship exists between transactional leadership and organisational performance. Also, Iscan, Ersarı and Naktiyokc (2014), who examined the effect of transformational and transactional leadership on organisational performance amongst Turkish SMEs, revealed the transactional leadership style as having no meaningful effect on perceived organisational performance.

In the absence of appreciable harmony with regard to research findings focused on the relationship between the display of a transactional leadership style by a manager and the performance of the organisation that he/she leads, the study opted to hypothesise that:

*H<sub>20</sub>: There is no relationship between a manager's display of the transactional leadership style and business performance.*

#### **4.4.3 Laissez-faire leadership style and business performance**

Though the laissez-faire leadership style is typically equated with the absence of leadership due to its indecisive nature, the construct is still tested when considering the various styles of leadership and the results have consistently indicated that it affects subordinate attitudes and performance adversely (Bass & Avolio, 1994; Judge & Piccolo, 2004; Skogstad, Einarsen, Torsheim, Aasland & Hetland, 2007; Hinkin & Schriesheim, 2008). The laissez-faire leadership style is an antecedent of role ambiguity as it is argued that the leadership style is poor due to its contribution to employee stress (Kelloway, Sivanathan, Francis & Barling, 2005; Skogstad et al., 2007; Skogstad, Hetland, Glaso & Einarsen, 2014; Aasland, Skogstad, Notelaers, Nielsen & Einarsen, 2010).

This leadership style often implies that managers neglect the basic obligation and requirements of their role, which includes providing employees with work direction and standards of acceptable behaviour, among others. The leadership practice is contrary to leadership theories such as path-goal theory and leader-member exchange theory, which present that employees need leadership to clarify goals and expectations and therefore by avoiding such actions, employees may perceive leaders as not providing the necessary leadership, which in turn deflates business performance.

Hinkin and Schriesheim (2008:1235) purport that a leader who displays a laissez-faire leadership style tends to withhold reinforcement through non-response to good and poor subordinate performance, and this affects individual performance. For these reasons, this leadership behaviour has been characterised as destructive because it tends to violate the legitimate interest of the organisation by undermining the organisation's goals, tasks, resources, motivation, and job satisfaction of subordinates (Einarsen, Aasland & Skogstad, 2007:208).

According to Padilla, Hogan and Kaiser (2007) the laissez-faire leadership behaviour leads to negative consequences with respect to the execution of tasks, quality of work, efficiency and relations with customers and clients and thus has negative consequences on the business performance of the organisation. Aasland, Skogstad, Notelaers, Nielsen and Einarsen (2010) also found that the laissez-faire leadership style bodes destructive consequences. Bass (2008) also contends that laissez-faire leadership inversely correlates with effectiveness outcomes across different situations and across different leaders.

Similarly, Manasseh (2011) found that in South Western Uganda, the laissez-faire leadership style negatively influenced business performance in Uganda's local government districts as it promoted job insecurity. On the basis of the literature reviewed, it would seem that the laissez-faire leadership style is not generally associated with enhanced business performance. However, the study by Linge, Shikalieh and Asiimwe's (2016) in Kenya established that a significant and positive relationship exists between the laissez-faire leadership style and performance.

Nonetheless, due to the predominant negative view of laissez-faire leadership reinforced by DeRue, Nahrgang, Wellman and Humphrey (2011:32), who aver that the laissez-faire leadership style is detrimental to leaders' effectiveness and consequently business performance, the study proposed a null hypothesis that suggests the following:

*H<sub>30</sub>: The laissez-faire leadership style of a manager does not correlate with business performance.*

#### **4.5 Leadership style and employee commitment**

Leadership style and employee commitment have been studied with the aim of empowering organisations to effectively implement business strategies in a manner that enables goal attainment (Swanepoel, Erasmus, van Wyk & Schenk, 2003). This is further seen in research (Yousef, 1998a; Cohen, 2007; Limsila & Ogunlana, 2008; Dumdum, Lowe & Avolio, 2002; Steyrer, Schiffinger & Lang, 2008) that has consistently shown that leadership style influences the levels of commitment of employees. Indeed, Çokluk and Yılmaz (2010:84) argue that evidence exists that shows that there is a relationship between leadership style and employee commitment. It for this reason that Stum (1999:6) concludes that subordinates' commitment reflects the quality of leadership within the organisation and that the stronger the commitment, the stronger the intention to stay.

The aim of Mert, Keskin and Bass's (2010) study was to investigate the relationship between leadership style and employee commitment in the Turkish banking sector and they found that leadership styles affect employee commitment. Also, Meyer and Allen (1997:19) suggest that commitment to the organisation as a whole actually refers to the commitment of employees to top management.

According to Mahdi, Mohd and Almsafir (2014:1077) there is a significantly strong relationship between the leadership behaviour of leaders and the affective, continuance and normative commitment of employees. Garg and Ramjee's (2013) study of leadership development and employee commitment within the parastatals of South Africa has confirmed that leadership styles play important roles in determining the levels of affective commitment, continuance commitment and normative commitment. Essentially, organisations need managers with catalytic

leadership styles that lend themselves to an increase in the levels of the components of employee commitment in a way that positively impacts on business performance.

#### **4.5.1 Transformational leadership style and employee commitment**

Empirical evidence (Avolio, Zhu, Koh & Bhatia, 2004; Dumdum et al., 2002; Walumbwa & Lawler, 2003; Lee, 2005) suggests that transformational leadership is positively associated with employee commitment in a variety of settings and cultures. This evidence has fertilised the notion that the style yields favourable outcomes such as job satisfaction, job performance, creativity of subordinates, organisational citizenship, empowerment, innovative behaviour and work quality (Dewenttick & Ameijde, 2011:284; Frooman, Menderson & Murphy, 2012:455). Consequently, managers who are seen to predominantly display a transformational leadership style tend to influence employee commitment positively (Lo, Ramayah & Min, 2009:138; Swid, 2014:588).

Walumbwa, Orwa, Wang and Lawler (2005:235) contend that in some organisations in Kenya and the United States of America, transformational leadership exerts a strong and positive effect on employee commitment. Similarly, Bezuidenhout and Schultz (2013:294) insist that in the South African mining industry, there is a relationship between transformational leadership and employee engagement.

By empowering subordinates, managers with a transformational leadership style seem to be able to increase the commitment levels of their employees to the organisation (Meyerson & Kline, 2008:456; Ismail, Mohamed, Suliman, Mohamed & Yusuf, 2011:100). Chu and Lai's (2011) examination of the mediating effects of employee commitment on leadership styles in an accounting firm found that the more idealised influence a manager had, the stronger the problem-solving attitude displayed by the associate accountants was, and this is reflective of palpable empowerment and a commitment to stay in the organisation. Similarly, Farahani, Taghadosi and Behboudi's (2011) study of 214 insurance experts in six branches of a social security organisation in Iran showed that by employing emotional intelligence, managers with a transformational leadership style influenced employee commitment of employees positively.

Furthermore, Dibley's (2014) investigation of the relationship between the transformational leadership style of officers in the South African army and their followers' levels of work engagement found that transformational leadership style relates to followers' work engagement. All these suggest that the transformational leadership style lends itself to employee commitment. In the specific context of SOEs in South Africa, it is probable that the transformational leadership style of black top managers would be related to the employee commitment of their subordinates.

Dewenttack and Ameijde (2011:284) posit that through empowering employees, managers promote a positive relationship between leadership style and job satisfaction that resonates with affective commitment. In effect, affective commitment is positively linked to transformational leadership (Rusu, 2013:193). This is in alignment with the thoughts of Bycio, Hackett and Allen (1995:475) to the effect that affective commitment bears a strong association with transformational leadership owing to the fact that the inspirational aspects of this leadership style enhance affective commitment more than continuance or normative commitment. Against this background, organisations are able to realise desirable outcomes such as lower turnover, reduced absenteeism, improved performance, and increased organisational citizenship behaviour (Organ, 1997:93; Jaros, 1997:331)

Hayward, Goss and Tolmay (2004) found a moderate positive correlation between transformational leadership and affective commitment. Another study conducted by Mester, Visser, Roodt and Kellerman (2003) in South Africa also revealed a moderate correlation between transformational leadership and affective commitment. In addition, Yucel, Mcmillan and Richards (2014) revealed that the relationship between transformational leadership style and affective commitment is insignificant.

Notwithstanding this, Ejere and Abasilim (2013:32) argue that there is an association between transformational leadership styles and affective commitment. The association between transformational leadership and affective commitment is even more evident where the leader has a small span of control (Cole, Bruch & Shamir, 2009:1726; Gumuslouglu, Karakitapoglu-Aygun & Hirst, 2013:2276). This is because leaders have the opportunity to communicate organisational values,

policies and procedures, involve their employees in the decision-making process and clarify the expectations of the organisation (Gumuslouglu, Karakitapoglu-Aygun & Hirst, 2013:2272). While recognising that the findings of most studies portray a positive relationship between transformational leadership and affective commitment, this study elected to hypothesise in the null form that:

*H<sub>40</sub>: There is no relationship between the transformational style of black top managers and affective commitment.*

According to Kent and Chelladurai (2001:152), facets of transformational leadership such as individualised consideration and intellectual stimulation have a positive relationship with normative commitment of subordinates. Ramachandran and Krishnan (2009), who surveyed a sample of 98 employees in the US, India and China to examine the effect of transformational leadership on followers' normative commitment, generated findings that linked both constructs. While investigating the relative impact of transformational leadership on the employee commitment of 240 respondents in two Indian organisations, Dhawan and Mulla (2011) revealed that transformational leadership had an impact on normative commitment. In contrast, leaning on the social exchange theory, Yucel, Macmillan and Richards (2014:1174) contend that the transformational leadership style of top managers does not correlate with the normative commitment of their subordinates. Against this background, this study opted to hypothesise in the null form that:

*H<sub>50</sub>: There is no relationship between the transformational style of black top managers and normative commitment.*

In recognition of the dearth of research exclusively focused on continuance commitment, Suliman and Iles (2000) recommend that more research needs to be undertaken to examine the continuance commitment construct in a non-Western context. Perhaps in response to this, a study of university academic staff at selected South African universities conducted by Waza and Hlanganipai (2014) revealed the existence of a significant relationship between transformational leadership style and continuance commitment.

Similarly, Bučiūnienė and Škudienė's (2008) study in Lithuanian manufacturing companies found that a slightly positive relationship exists between



transformational leadership style and continuance commitment. In contrast, Simon (1994) found a negative relationship between transformational leadership and continuance commitment. Interestingly, Brown and Dodd (1999) indicated that no relationship exists between transformational leadership and continuance commitment. This view is shared by Korek, Felfe and Zaepernick-Rote (2010) who contend that in studied German institutions there is no relationship between transformational and continuance commitment. Furthermore, Devis's (2016) study in India found no significant relationship between transformational and continuance commitment. On the strength of these findings, this study hypothesised that:

*H<sub>60</sub>: There is no relationship between the transformational style of black top managers and continuance commitment.*

#### **4.5.2 Transactional leadership style and employee commitment**

Mclaggan, Botha and Bezuidenhout (2013:9) assert that a positive relationship exists between transactional employee's commitments. In the same vein, a number of studies (Avolio et al., 2004; Bono & Judge, 2003; Dubinsky et al., 1995; Dumdum et al., 2002; Walumbwa & Lawler, 2003; Walumbwa et al., 2005) suggest that transactional leadership and employee commitment are positively correlated. Baloch, Ali and Zaman's (2014) study in Pakistan of 312 private sector college teachers indicated that transactional leadership is a stronger predictor of employee commitment than transformational leadership. This position aligns with the findings of a study in Malaysia by Lo, Ramayah and Min (2009) that revealed a positive relationship between transactional leadership and employee commitment. On the contrary, Lee's (2005) study in Singapore found no correlation between transactional leadership and continuance commitment.

Nonetheless, Suliman and Iles (2000:417) argue that this relationship exists because, in general, when subordinates perceive higher job security and greater satisfaction with their job, their level of continuance commitment will be higher. This can be useful because enhancing job security and creating a positive work environment could be beneficial to SOEs in terms of reducing the costs associated with losing employees. It is the opinion of Jabeen, Behery and Elanain (2015:110) that psychological contracts are related to transactional leadership and it often relates to employee commitment.

Affective commitment has been found to have a significant relationship with the transactional leadership style (Mclaggan, Botha & Bezuidenhout, 2013:6). Strangely though, contingent reward (as a subscale of transactional leadership) contributes positively to job satisfaction. Bennett (2009:14) found this leadership style of managers to be negatively correlated with employee commitment. Mester, Visser, Roodt and Kellerman's (2003) study on the relationships between leadership style and employee commitment in an engineering company in South Africa revealed that transactional leadership correlates with affective commitment. However, Ejere and Abasilim (2013:32) argue that there is an association between affective commitment and both the transformational and transactional leadership styles. A study conducted by Nguni, Slegers and Denessen (2006) in Tanzania also revealed no significant relationship between transactional leadership and affective commitment. In spite of these different positions found in extant literature, the study hypothesised that:

*H<sub>7o</sub>: There is no relationship between the transactional style of black top managers and the affective commitment of their subordinates.*

The findings of Waza and Hlanganipai's (2014) study in a South African academic institution showed a positive relationship between transactional leadership and normative commitment. In contrast, Mester, Visser, Roodt and Kellerman (2003:78) found no correlation between transactional leadership style and normative commitment. Garg and Ramjee (2013:1427) declare that a weak but positive relationship exists between the transactional leadership style of managers and normative commitment. In the absence of absolute harmony amongst researchers, it is hypothesised that:

*H<sub>8o</sub>: There is no relationship between the transactional style of black top managers and the normative commitment of their subordinates.*

Nyengane's (2007) study concluded that a weak but significant positive relationship exists between transactional leadership behaviours and continuance commitment. This finding is in agreement with Bučiūnienė and Škudienė's (2008) study in Lithuania that revealed a slightly positive relationship between transactional leadership style and continuance commitment. Conversely, Erkutlu (2008:719)

argue that there is a negative relationship between transactional leadership style and continuance commitment. Devi (2016:512) also reported a negative relationship between transactional leadership style and continuance commitment. More specifically, Bycio, Hackett and Allen (1995:475) argue that the contingent reward has no impact on the continuance commitment levels of employees. In the face of a lack of harmony between authors, it was the hypothesis of this study that:

*H<sub>90</sub>: There is no relationship between the transactional style of black top managers and the continuance commitment of their subordinates.*

#### **4.5.3 Laissez-faire leadership style and employee commitment**

A laissez-faire style of leadership is negatively related to all types of employee commitment (Benette, 2009:20). Edwards and Gill (2012:38) contend that of the transactional, transformational and laissez-faire leadership styles, the laissez-faire leadership style of managers has proven to be ineffective in all hierarchical levels of the organisation. Similarly, Swid (2014:588) posits that a negative linear relationship exists between the laissez-faire leadership style of managers and the level of employee commitment displayed by their subordinates.

More specifically, Garg and Ramjee (2013:1430) assert that the laissez-faire leadership behaviour has a negative relationship with affective commitment. Nyengane (2007) affirms that a weak but significant negative correlation exists between laissez-faire leadership behaviours and affective commitment. Furthermore, Bučiūnienė and Škudienė's (2008) study in Lithuania also established a negative association between the laissez-faire leadership style and affective commitment. Despite the seeming congruence of some of these findings, the study recognised that context may influence the relationship and so, within the South African SOEs, it was hypothesised that:

*H<sub>100</sub>: There is no relationship between the laissez-faire style of black top managers and the affective commitment of their subordinates.*

As it pertains to how the laissez-faire style could affect employees, Van Prooijen and De Vries (2016:489) state that the style is considered indecisive and so it may be difficult for employees exposed to it to know how well they perform their tasks.

As a result, this may affect the employee's commitment, albeit normative, negatively. The view is supported by Silva and Mendis's (2017:20) study that showed a significant negative relationship between laissez-faire leadership style and normative commitment. Also, Hussein and Da Costa (2008:32) suggest that no correlation exists between the laissez-faire style and normative commitment. In agreement, Devis (2016:512) argues that there is a negative correlation between laissez-faire and normative commitment. Against this argument, this study elected to hypothesise that:

*H<sub>110</sub>: There is no relationship between the laissez-faire style of black top managers and the normative commitment of their subordinates.*

While extant literature focused on the relationship between the laissez-faire leadership style and normative commitment may be sparse, it is instructive to note that Saqer (2009) found a positive though weak correlation between the laissez-faire leadership style and continuance commitment. The finding is consistent with Mensah and Amponsah's (2016) study that revealed a significantly positive yet weak correlation between laissez-faire leadership style and continuance commitment. On a slightly different note, Garg and Ramjee (2013:1427) contend that a weak but insignificant negative relationship exists between the laissez-faire leadership style and continuance commitment. However, the authors admit that this position, informed by the results of their study, does not provide sufficient grounds to nullify the possibility of any relationship.

Interestingly, Silva and Mendis (2017:20) suggest that the laissez-faire leadership styles and continuance commitment share a weak significant negative relationship. Similarly, Hussein and Da Costa (2008:33) reported that the relationship between the laissez-faire leadership style and continuance commitment is significant, even though it is negative. Cognisant of the above assertions, the study elected to hypothesise in the null form that:

*H<sub>120</sub>: There is no relationship between the laissez-faire style of black top managers and the continuance commitment of their subordinates.*

## 4.6 Employee commitment and performance

Typically, subordinates who are highly committed to an organisation have a tendency to remain in the organisation and show positive work-related behaviours that result in positive business performance (Hausknecht, Rodda & Howard, 2009:280; Vandenberghe, Bentein & Stinglhamber (2004:326). Iles, Forster and Tinline (1996:19) have, however, argued that not all kinds of commitment are associated with high job performance. The view is supported by Sani and Maharani's (2015) study in Indonesia that found no direct relationship between employee commitment and business performance. However, Yousef (1998b), who studied satisfaction, job security, employee commitment and job performance in the United Arab Emirates, found that as long as the exchange relationship (efforts-rewards) between the subordinates and the organisation continues to exist, employees do not think of leaving as they develop an emotional attachment to the organisation.

This suggests that affectively committed employees are more likely to maintain organisational membership and contribute to the success of the organisation. Angle and Lawson (1994) also found significant links between affective commitment and performance. Having studied a cohort of 128 public accountants, Law (2005:383) affirmed that affective commitment is the most salient component of commitment in predicting turnover. In a similar vein, Yang, Tsai and Liao (2014), found that in a Taiwanese international automobile company, affective commitment improved overall performance. In contrast, Sirin, Bilir and Karademir (2013:65) argue that no significant relationship exists between affective commitment and performance. In deference to these thoughts, it was hypothesised that:

*H<sub>130</sub>: There is no relationship between affective commitment and business performance*

Since affective commitment seems to dominate studies concerned with the relationship between employee commitment and business performance, researchers such as Meyer and Parfyonova (2010) as well as Meyer et al. (2002) have advocated for more research to be conducted that is focused on normative and continuance commitment and their effects in the workplace.

In their study aimed at edifying the view that it is not plausible for normative commitment levels to be high prior to an employee feeling high levels of affective and continuance commitment, Vandenberghe, Mignonac and Manville (2015) theorised that normative commitment would be experienced as externally driven when a sub-component of continuance commitment is high. Their study revealed that normative commitment is less positively related to job performance. In deference to this position, this study suggested that:

*H<sub>140</sub>: There is no relationship between normative commitment and business performance*

Sirin, Bilir and Karademir's (2013) study revealed a significant relationship between continuance commitment and performance. In Jordan, Suliman and Iles (2000:417) contend that a significant relationship exists between business performance and continuance commitment. Based on the study of correctional employees in the prison work environment in the United States of America, Garland, Lambert, Hogan, Kim and Kelley (2014:117) declared that employees with high levels of continuance commitment experienced a greater emotional exhaustion, fatigue and reduction in feelings of accomplishment, which led to inadequate performance.

Also, Fridoon and Nasrin (2009:379) opine that there is no association between continuance commitment and job satisfaction and therefore this type of commitment negatively affects job performance. Angle and Lawson's (1994) study showed no relationship between continuance commitment and business performance. Consistent with their findings, Becker and Kernan (2003:344) also assert that no relationship exists between continuance commitment and business performance. Cognisant of the research findings of previous studies, this study hypothesised that:

*H<sub>150</sub>: There is no relationship between continuance commitment and business performance*

Ross and Ali (2017:46) argue that because of the variable nature of business activities conducted across industries, the nature and effects of employee commitment factors are likely to differ across jobs and industrial sectors. This

reinforces the role of context in studies examining the relationship between employee commitment and business performance.

#### **4.7 Summary**

The chapter evaluated the relationships, as presented and studied in the body of literature available, between the main variables presented in the proposed model of the study, namely leadership styles, employee commitment and business performance. The chapter further considered and explained the concept of the span of control as the moderator of the relationship between the specific variables of leadership styles and employee commitment types.

The central aim of the chapter was to provide the relevant literary background, leaning upon prior scientific enquiry focused on examining possible roles of leadership styles and employee commitment in the pursuit of business performance primarily in bureaucratic establishments.

The positions taken by scholars were considered in the deductive development of the hypotheses to be tested in the current study. In keeping with the requirements of empirical studies, it becomes necessary to outline the precise pathway that was followed to find statistical evidence that may or may not lend support to the hypothesised relationships in the study. This is useful as it provides potential consumers of the findings of the study with a measurable level of assurance that an acceptable and credible scientific approach was followed in the execution of the study. Consequently, the next chapter is dedicated to elaborating on issues in the realm of research design and methodology.

## **CHAPTER 5**

# **RESEARCH METHODOLOGY**

### **5.1 Introduction**

The aim of this study was to investigate the relationship between the leadership styles of black top managers on employee commitment and business performance. Since black top managers have started to assume roles in SOEs in South Africa, the focus has been placed on adherence to the Employment Equity Act in the workplace as compared to the ability to provide effective leadership to an organisation. The literature reviewed in this study highlights the fact that due to the lack of black people participating in South African organisations during the apartheid era, the general negative stereotype associated with black managers, and the limited existence of African leadership literature, an opportunity exists for further leadership research in Africa, particularly with regard to the black race. Thus, the overall aim of this study was to establish the prevalent leadership styles of black top managers and how they relate to employee commitment and business performance of SOEs in South Africa.

When considering the dynamics of business environments and the reform of South African organisations, it can be appreciated that black top managers are operating in a complex environment, which also presented an opportunity to further examine factors that strengthen the effectiveness of leadership in organisations. It is for this reason that this study examined the span of control of black managers as a contextual factor to examine if it had any influence on their leadership effectiveness within the SOE environment.

This chapter provides the philosophical assumptions that govern this study, the framework of the research design and methodology employed to address the research questions, research objectives and the hypotheses set to investigate the relationship between the leadership styles of black top managers, employee commitment and business performance. The discussion also outlines the methods used for sampling, the research instruments used for collection of data and the procedures used to analyse the study.



## 5.2 Research paradigms

Generally speaking, philosophy concerns itself with the most basic questions about knowledge, reality and existence (Thomas, 2004:35). Research philosophy is thus defined as the approach adopted by the researcher in generating knowledge acquired from conducting a study (Saunders, Lewis & Thornhill, 2000:84). This means that research philosophy refers to the creation of knowledge by way of using various applicable strategies and methods of inquiry. Saunders, Lewis and Thornhill (2009:108) mention four main research philosophies, namely: positivism, interpretivism, realism and pragmatism.

In the paradigm of positivism, researchers gain knowledge through the collection of information in the form of numerical data that is drawn from a sample, and they then make conclusions without interfering in the process (O'Leary, 2017:7). Thomas (2004:43) declares that this philosophy undertakes that human beings are natural objects and therefore have existence and possess properties that exist independently of any observer. Easterby-Smith, Thorpe, Jackson and Lowe (2008:57) further maintain that because of the assumption that social beings exist independently, the properties ought to be measured through an objective method rather than being inferred subjectively through sensation, reflection or intuition.

As compared to positivism, the interpretive research philosophy explores what lies beneath unobserved properties by subjectively making use of people's experiences through observations in order to gain an understanding of the meanings in the social world (Babones, 2016:461). While pragmatism research philosophy involves handling of actual fact and making use of the practical outcomes to draw conclusions, the realism research philosophy bases its assumptions on understanding the subjective nature of human beings. In essence, the aforementioned philosophies indicate that there are various ways of knowing and that each researcher, depending on the subject studied, has their own way of thinking about accumulating the knowledge. In the same vein, Fleetwood (2005:197) has the following opinion: "What we think the world is, influences what we think can be known about it, how we think it can be investigated, and the kinds of theories we think can be constructed about it and the political and policy stances we are prepared to take."

It is for this reason that it was kept in mind that when knowledge is produced, it is often susceptible to different interpretations. Coghlan and Brydon-Miller (2014:571) describe ontology as the study of being that aims to dichotomize the underlying structure of being. In broad terms, a researcher may assume a realism or relativism ontological stance for the conduct of a study. The prototypical realist is guided by the conviction that one truth that is often generalizable exists and it can be established by the use of objective measurement instruments. On the other hand, a model relativist believes in multiple versions of truth and that truth evolves and changes as a function of context and experiences.

While the intention of this study may not necessarily be to generalize the determined findings, the fact the researcher is in pursuit of one truth that is established by the use of objective measurements, implies that this study has been executed with a realist ontological disposition. Also, the unveiling of the epistemological leaning of this study was of importance so as to enable a better understanding of the path in which the knowledge acquired was obtained. Epistemology is concerned with the relationship that the researcher has with the study and how the knowledge generate was procured. Milla, Durepos and Wiebe (2010:332) refer to the epistemology as the study of ways in which one can differentiate between scientific knowledge and knowledge that is not valid and reliable. Schwandt (2007:88) asserts that legitimate knowledge consists of beliefs that can be justified by observation.

Broadly speaking, the epistemological dispensation of a researcher is reflected by the adoption of an Etic or Emic perspective in the execution of a study. An Etic perspective requires for the researcher to be sufficiently detached from the study such that that there is no deliberate personal interference in the research process that could bias the findings or colour it with individual preferences or experiences. An Emic perspective requires for the researcher to become some kind of participant rather than an observer, by immersing himself/herself in the phenomena or subject being studied. There is no gainsaying the fact that a researcher's ontological standing generally dictates his/her epistemological preference. In the specific cases of this study, an Etic rather than an Emic approach is followed which is why the study's trajectory if founded in theory and this provides the necessary platform

for subsequent progress to the formulation of hypotheses and the undertaking of analysis based on collected data. Knowledge of the oncological and epistemological leanings that underpin a study can contribute to an improved understanding of the methods and measures identified and selected to conduct the study.

As such, this study is grounded in the positivistic philosophical approach, which is based on the observable social reality acquired independently by the researcher. Thus, following the formulation of the research problem, research objectives were developed and then followed through the formulation of hypotheses that were tested to answer the research questions. The aim of this research was to determine the leadership styles of black top managers using a research instrument. The researcher was independent of the research process as the questionnaires were sent to the participants for completion.

The survey method was utilised to collect quantitative data. The process that was followed involved a systematic and structured method of gathering, collating and interpreting the numerical data in order to make inferences. The inferences were made on the basis of a statistical analysis that involves different analytical techniques. The framework underpinning this study is consistent with similar studies that followed the positivistic philosophical approach in respect of leadership behavioural studies, such as: the study by Adserias, Charleston and Jackson (2017), who examined which styles of leadership are best suited to direct organisational change to fuel institutional diversity in higher education; Frost and Hamman's (2017) study examining the impact of leadership on the vision of growth in a pharmaceutical company in South Africa; the study of George, Chiba and Scheepers (2017), who examined the effect of leadership styles on job-related stress presenteeism among South African knowledge workers; and Markiz, Margono, Wirawan and Ainur's (2017) study of the investigation of the effects of leadership style, organisational communication and job satisfaction on workers' performance in Jakarta.

### 5.3 Deductive approach

The study employed a deductive approach. The process entailed formulating hypotheses from existing theory and thereafter exploring the empirical world through collection of data in order to test the hypotheses (O'Reilly, 2009:104; Dahlberg & McCaig, 2010:21). In other words, the researcher followed a process of reasoning that uses theory to formulate hypotheses, which were then tested empirically to answer the research questions.

Saunders et al. (2000:91) affirm that the process of deductive reasoning emphasises:

- scientific principles;
- moving from theory to data;
- the need for explanation of causal relationships between variables;
- the collection of quantitative data;
- the application of controls to ensure validity of data;
- the operationalisation of concepts to ensure clarity of definition;
- a highly structured approach;
- researcher independence of what is being researched; and
- the necessity to select samples of sufficient size in order to generalise conclusions.

The use of deductive reasoning in this study was marked by the process followed through the review of leadership behavioural theories in the literature that formed the premise of the study, which is the impact of leadership styles on employee commitment and business performance. Following the institution of the premise of the study, the hypotheses were formulated and tested to answer the research questions. When making conclusions, general statements were used to reach specific assertions from known evidence so as to address the objectives of the study.

The use of this approach in this study is consistent with previous leadership behavioural studies, such as the study of Bakari, Hunjra and Niazi (2017), who tested the impact of well-needed authentic leadership on employees' perceptions during change in a public sector hospital in Pakistan; Zopiaties and Constanti 's

(2010) study of the association between leadership styles and burnout among hospital managers in Cyprus; Nash, Davies and Moore's (2017) study of leadership styles of women in the fields of science, technology, engineering and medicine in Australia; Chiedu, Long, and Ashar's (2017) study of the relationship between job satisfaction, employee commitment and employees' turnover intentions at Unilever Corporation in Nigeria; and Nazarian, Soares and Lottermoser's (2017) study of how leadership is perceived and how leadership styles influence performance from the perspective of young German professionals.

## **5.4 Research design**

Research design refers to the plan that provides a systematic structure to guide the researcher in addressing the research problem and answering the research questions (De Forge, 2010:1253). This study followed a quantitative method of investigation. O'Leary (2017:8) describes the quantitative approach as being a research approach that relies on quantified data often entwined with a set of assumptions related to positivism. A survey design strategy was considered for this study as part of the empirical phase. Thomas (2011:2) writes that a survey is a method that involves gathering information about the current status of a target variable within a particular group, followed by reporting a summary of the findings.

In order to gather information for this study, a structured questionnaire that serves as a quantitative data collection tool was utilised. The method is aligned with the current practices that are evident in the leadership studies such as Shao, Feng, and Hu's (2017) study, which looked at the impact of top management leadership style on enterprise resource planning assimilation and the roles of organisational learning. The use of the survey method by this study also derives credence from the fact that that the same method was utilized by Rao and Gorfie (2017) for their study of the effect of leadership styles on organisational commitment in Ethiopian public universities.

### **5.4.1 Target population**

According to Easterby-Smith, Thorpe, Jackson and Lowe (2008:212), a target population is a set of specified entities that represent the pool from which study respondents are drawn. The survey of this study targeted employees in South

Africa who report directly to black top managers who head organisational work units in state-owned enterprises (SOEs) as classified in the Public Finance Management Act of 1999 (PFMA) and the Companies Act 71 of 2008. The aim of the study was to look at SOEs headed by black managers at the highest executive level in their respective organisational units.

#### **5.4.2 Sampling method**

A non-probability sampling method was used to select the sample from the target population. Andres (2012:97) describes non-probability sampling as a sampling technique that does not give all the participants in the population an equal chance of being selected, but instead uses judgement to choose the participants of the study. There are two types of non-probability sampling: convenience sampling and purposive sampling. Convenience sampling is used where members meet certain practical criteria such as accessibility, geographical proximity, and availability at a given time or the willingness of the participants to be included in the study (Etikan, Musa & Alkassim, 2016:1). Purposive sampling, which is also referred to as judgement sampling, involves a procedure whereby participants are selected according to predetermined qualities that they would need to possess in order to contribute to the study (Vaughn, Schumm & Sinagub, 1996:58).

The benefit of utilising purposive sampling is that it allows the researcher to identify the participants who can provide data that is relevant to the research (Jupp, 2006:245). For this study, judgemental sampling was employed to gather data on the perception of the participants who report directly to black top managers. The responses were then utilised to draw conclusions about the leadership styles predominantly displayed by black top managers and how they relate to employee commitment and business performance in the SOEs.

This sampling method is recommended in social research where there is a challenge in obtaining data arising from the target group being either very small or difficult to access (Leman, 2010:178). In this study, the researcher faced stringent processes and undefined structures in order to gain access to the black top managers and their subordinates so as to obtain permission to conduct research. Generally, within a management hierarchy, the higher one progresses, the lower the span of control. Therefore, due to the top-level management positions occupied

by the participants, the number of participants who report directly to top managers was minimal. As such, using the judgement sampling method was suitable for this study. There is ample precedence in research that supports the use of the judgmental sampling method. With specific reference to studies in the leadership domain, Alharbi's (2017) study of leadership styles of nurse managers and their effects on nurse and organisational performance as well as Saleem's (2015) study of the impact of leadership styles on job satisfaction and mediating role of perceived organisational politics are good examples.

It was imperative for the researcher to follow a procedure when conducting this research in order to allow the study to meet the necessary conditions required by the related stakeholders (the researcher, SOEs, black top managers, participants, University of Pretoria) of the study. A list of 130 organisations classified as SOEs was obtained from the Government Communication and Information System (GCIS) published records. The GCIS is a government organisation that is responsible for maintaining a database of contact information and profiles of government role players as well as providing an information enquiry service where government-related information can be obtained.

In order to survey the target population, the listed SOEs were contacted to obtain the necessary permission from the CEOs to conduct this research. The email sent to the CEOs consisted of the following documents (also included in the appendices):

- Letter of request from the researcher
- Letter from the supervisor
- Letter of permission from the University
- Research instrument

Following permission from the CEOs, an email containing the following documents was sent to the participants:

- Letter of request from the researcher
- Letter of proof of accreditation from the CEO's office
- Letter of permission from the University

- Letter of informed consent
- Research instrument

### **5.4.3 Sampling size**

There are 130 listed SOEs in South Africa across all of its nine provinces (Gauteng, Limpopo, North-West, Free State, KwaZulu-Natal, Eastern Cape, Western Cape, Northern Cape, and Mpumalanga); all of these were approached to participate in the study. Of the 130 SOEs, 38 black top managers participated in the study and a total of 232 responses were received. Drew, Hardman and Hosp (2008:94) write that the adequate sample size is determined by the characteristics of the population. They believe that there is no prescribed minimal number of participants necessary for a sound study and advice that one should review the recent literature in the area being studied.

On completion of the literature review of leadership behavioural studies in the state-owned environment, research that was found to be related to this study includes Huang, Shi, Zhang and Cheung (2006), who investigated the impact of participative leadership behaviour on psychological empowerment and employee commitment in Chinese state-owned enterprise using a sample of 173 employees. Also, a study of Koech and Namusonge (2012), who examined the main effects of leadership styles on organisational performance in state-owned corporations in Kenya, used a sample of 77 employees.

Petersen (2008:137) presents that it should also be kept in mind that there are ethical and practical reasons that compel the researcher to use small samples. In this study, the implication of a racial characteristic was that due to the stigma attached to it within the South African context, a lack of appreciation for the scope of the research topic was observed. The political nature of the SOE environment at top management level also had an impact on the inclination of the organisation and the participants to participate in the study and thus had an effect on the sample size.

Given the complexity of the SOE workplace environment in South Africa, particularly at top management level and the research design of the before-mentioned studies undertaken within the SOE environment, the researcher did not



find it plausible to make a comparison between the sample sizes of this study and the other studies in order to gauge the reasonable sample size in this particular contextual environment. As such, it is important to state that the political climate in which South African SOEs operates, affected the willingness of the SOEs to participate in the study and this resulted in the less-than-expected sample size.

## **5.5 Data collection**

Due to the low cost associated with an email, the method was used to distribute the questionnaire to the potential participants geographically dispersed across the country. The method is considered an easy and cost-effective method of collecting data in light of the SOEs being positioned across the nine provinces of the country. However, Visser, Krosnick and Lavrakas (2000:244) state that self-administered mail surveys normally achieve very low response rates – often less than 50% of the sample. In this study, it can be confirmed that though the survey method is considered easy and cost efficient, it was not the same for this study. Follow-ups and reminders had to be done to address the delay, and despite numerous follow-ups that were done, the response rate still remained low.

Of the 38 black top managers, for which the researcher sought and obtained permission to study, the employees who directly report to black top managers were 596 in number. Out of the 596 participants who received a questionnaire, only 232 (39%) responses were returned. Baruch and Holtom (2008:1144) state that studies by researchers that approach top managers to obtain data may face lower response rates than those that study non-executive employees. This is even more so when the companies have explicit policies against providing data to external parties. Cycyota and Harrison (2006:133), who reviewed the effectiveness of researchers surveying executives in 231 studies, attest that the response rate has further declined over the years, with an average of approximately 32%. Indeed, this study also witnessed difficulties with getting targeted executives to respond to the questionnaire.

### **5.5.1 Primary data**

Primary data is raw data collected and assembled specifically for the research at hand (Zikmund, 2000:58). For this study, primary data was collected through a survey that makes use of an instrument.

#### **5.5.1.1 Measuring instruments**

Leadership style and employee commitment were measured by means of two instruments: the Multifactor Leadership Questionnaire (MLQ) developed by Avolio and Bass and Avolio (2004) and the Three Component Model (TCM) employee commitment survey (OCS) developed by Meyer and Allen (1997).

The questionnaire consisted of MLQ questions and a TCM survey rated on a frequency scale.

##### **5.5.1.1.1 Multifactor Leadership Style scale**

The MLQ scale contains 36 items that identify and measure the key leadership styles, namely transformational leadership style, transactional leadership style and laissez-faire leadership style. In turn, the leadership styles comprise a range of factors, namely: Idealised Influence (Attributed) (II\_A), Idealised Influence – Behaviour (II\_B), Inspirational Motivation (IM), Intellectual Stimulation (IS), Individual Consideration (IC), Contingent Reward (CR), Management by Exception – Active (MbE\_A), Management by Exception – Passive (MbE\_P), and Laissez-faire (LF).

A five-point Likert scale ranging from 1 = not at all, 2 = once in a while, 3 = sometimes, 4 = fairly often and 5 = frequently, if not always, was utilised to ascertain customer perception of items or statements contained in the questionnaire.

Sample items include “My leader displays a sense of power and confidence” (Idealized Influence (Attributed) (II\_A), “My leader talks about their most important values and beliefs” (Idealised Influence – Behaviour (II\_B), “My leader talks enthusiastically about what needs to be accomplished” (Inspirational Motivation) (IM), “My leader suggests new ways of looking at how to complete assignments”

(Intellectual Stimulation) (IS), “My leader spends time teaching and coaching” (Individual Consideration) (IC), “(My leader discusses in specific terms who is responsible for achieving performance targets” (Contingent Reward) (CR), “My leader focuses attention on irregularities, mistakes, exceptions, and deviations from standards” (Management by Exception – Active (MbE\_A), “My leader avoids getting involved when important issues arise” (Exception – Passive (MbE\_P), and “My leader is absent when needed” (Laissez-faire) (LF).

The MLQ questionnaire is based on the full range leadership development theory by Bass and Avolio (1997) and has been utilised for the last 25 years by a number of researchers in over 30 countries, including South Africa, to differentiate between effective and ineffective leaders (Bass & Avolio, 2004). Recent studies that have utilised the instrument include those of Lim, Loo and Lee (2017) – an investigation of the relationship between transformational leadership, job satisfaction, employee commitment and turnover intentions; Demir (2017) – the analysis of transformational leadership behaviours and their relations with employee commitment; Dahie, Mohammed and Mohammed (2017) – the impact of leadership style on employee commitment of the university staff in Somalia; Girma (2016) – the relationship between leadership style, job satisfaction and culture of organisation; Asrar-ul-Haq and Kuchinke (2016) – examining the impact of managers’ leadership styles on subordinates’ performance in Pakistan; and Partiar and Wang (2016) – the effect of transformational leadership and employee commitment on hotel performance in Australia.

DeVellis (2003:11) contends that one should not always assume that the scales of the existing instruments are good measures that share a common thread that imply common causal consequence. Since its development, the scale has been tested by various researchers, resulting in many versions of the scale that have been developed.

This study utilised the latest revised version, Form 5X. The instrument has total internal consistency reliability with Cronbach Alpha coefficient ranging from 0.74 to 0.94 (Avolio & Bass, 2004:48). The use of the MLQ scale by previous researchers also indicated a similar range with regard to the reliability of scores. Examples of the studies include those by Behery and Al-Nasser (2016) with a Cronbach Alpha

coefficient of 0.79, and Muenjohn and Armstrong (2008) with a Cronbach Alpha coefficient of 0.86. Consistent with previous studies, the assessment score of Cronbach alpha for this study is 0.9, which indicates a good fit for this study.

#### **5.5.1.1.2 Employee Commitment scale**

The latest version of Meyer and Allen's (1997) Three Component Model scale (TCM) consisting of 18 items was utilised in this study. The scale has three main components, namely: affective commitment, normative commitment and continuance commitment. Each component consists of six statements. The TCM form items are also rated using the five-point Likert scale with anchors labelled as 1 = strongly disagree, 2 = slightly disagree, 3 = neutral, 4 = slightly agree, 5 = strongly agree. A sample of the items include "This organisation has a great deal of personal meaning for me" (affective commitment), "Too much of my life would be disrupted if I decided I wanted to leave my organisation now" (continuance commitment), and "I would feel guilty if I left my organisation now" (normative continuance).

The internal consistency reliability of the scale has been tested by Yousef (2017), indicating Cronbach Alpha scores: 0.94 for affective commitment, 0.88 for normative commitment and 0.91 for continuance commitment. In South Africa, the assessment of the scale by Garg and Ramjee (2013) indicated Cronbach alpha of 0.91 for affective commitment, 0.90 for normative commitment and 0.89 for continuance commitment. The scores of Cronbach alpha in this study showed 0.74 for affective commitment, 0.83 for normative commitment and 0.79 for continuance commitment and these are considered to be good enough for this study.

In terms of the response type, the measurements in the questionnaire consisted of rating scales, which made it easy for respondents to complete the questionnaire. The rating scales were in the form of interval variables in the form of numbers used as labels, which according to Foster (2001:6) allows a thorough statistical analysis.

#### **5.5.2 Secondary data**

Secondary data is existing information produced by organisations or private individuals that is used for the analysis of the past actions that have an influence

on the events, decisions and/or individuals (Ibert, Baumard, Donada & Xuereb, 2001:192). In this study, secondary data that was used includes information on the span control and business performance.

#### **5.5.2.1 Span of control**

Span of control refers to how employees are structured between managers and subordinates (Meier & Bohte, 2000:342). In this study, the span of control included the number of employees who report directly to black top managers. The information on the span of control was therefore obtained from the organisational structure provided by each SOE that participated in the study.

#### **5.5.2.2 Business performance**

In this study, business performance is the result of the actual performance against strategic objectives. Based on the strategic objectives, SOEs develop their annual performance plans (APP) which then determines the key performance areas (KPAs). Thereafter, key performance indicators and targets are formulated and recorded in a balanced scorecard. In order to track and monitor the actual performance against the plan, a performance management system is utilised.

The results are then audited and used by the state to rate the business performance of the units and SOEs. As such, in this study, each business unit led by a black top manager in the SOE provided a percentage of a score obtained in their balance scorecard, which has been used to determine the level of business performance.

### **5.6 Ethical considerations**

Wiles, Charles, Crow and Heath (2006:284) assert that research ethics are essential when conducting research. They suggested that factors that contribute to research ethics include: consent, data ownership and the management of confidentiality and anonymity. In order to give effect to research ethics, this study adhered to the following professional code of ethical practice:

### **5.6.1 Permission**

The researcher applied for ethical clearance from the University of Pretoria's through the Ethical Clearance Committee in order to obtain permission to conduct this research. The process of application entailed submitting the application form to the committee accompanied by the following documents included in the Appendices:

- Research proposal
- Research instruments accompanied by proof of permission from the authors
- Letter of informed consent

Ethical clearance was gained with the condition that the researcher be granted permission by the SOEs prior to conducting this research (see Appendix A). The researcher was assured that businesses would provide consent and allow contact with the employees.

The researcher adopted the existing research instrument, which has been tested and used by various researchers. In order to utilise the instruments, permission had to be gained from the authors. As such, permission was sought and granted for the use of the research instruments, namely the Multifactor Leadership Questionnaire and Employee Commitment Scale.

Permission to use the MLQ instruments was granted by Mindgarden and permission for the Employee commitment instrument by the developers John Meyer and Natalie Allen through the administration on the website: <http://employeecommitment.com>. The letters of permission for each questionnaire used for this study are provided in Appendix B.

### **5.6.2 Informed consent**

In order to obtain informed consent of the participants of this study, the participants were contacted through email and asked for voluntary participation. They were assured that the participation would be anonymous and that responses would be treated with the strictest confidentiality. Participants were informed that the research would be used for academic purpose only and that they could opt out at

any time without any negative consequences. The informed letter was attached to the questionnaire (see Appendix C).

### **5.6.3 Confidentiality**

The state-owned enterprises were assured that the participation would be anonymous and confidential. The questionnaire was self-administered by the participants. The SOEs were assured that the names of the organisations and the leaders would not be disclosed.

Furthermore, the SOEs were assured that their individual results would not be published without their consent and that the leaders of the SOEs would access the results on request. This was guaranteed through the signing of the confidentiality agreement provided by the SOEs to the researcher.

## **5.7 Data analysis**

In pursuit of the objectives of the study, it was, as expected, necessary to follow a systematic process in analyzing the data. The process followed is presented in the data analysis flow chart depicted in Figure 5.1. The process commenced with a descriptive analysis of the respondents that participated in the study in terms of selected variables refelected in the data collection instrument. As part of the process, each returned questionnaire was examined to determine the extent of its appropriateness for use in the consequent analysis of the data. This was achieved through case screening. Beyond these, the scales for measuring the study constructs were also assessed for reliability and validity as a necessary precursor to the determination of the fitness of the measurement model. Finally, the structural equation modeling was undertaken as part of the effort to explore the relationships, if any, between the study's constructs.

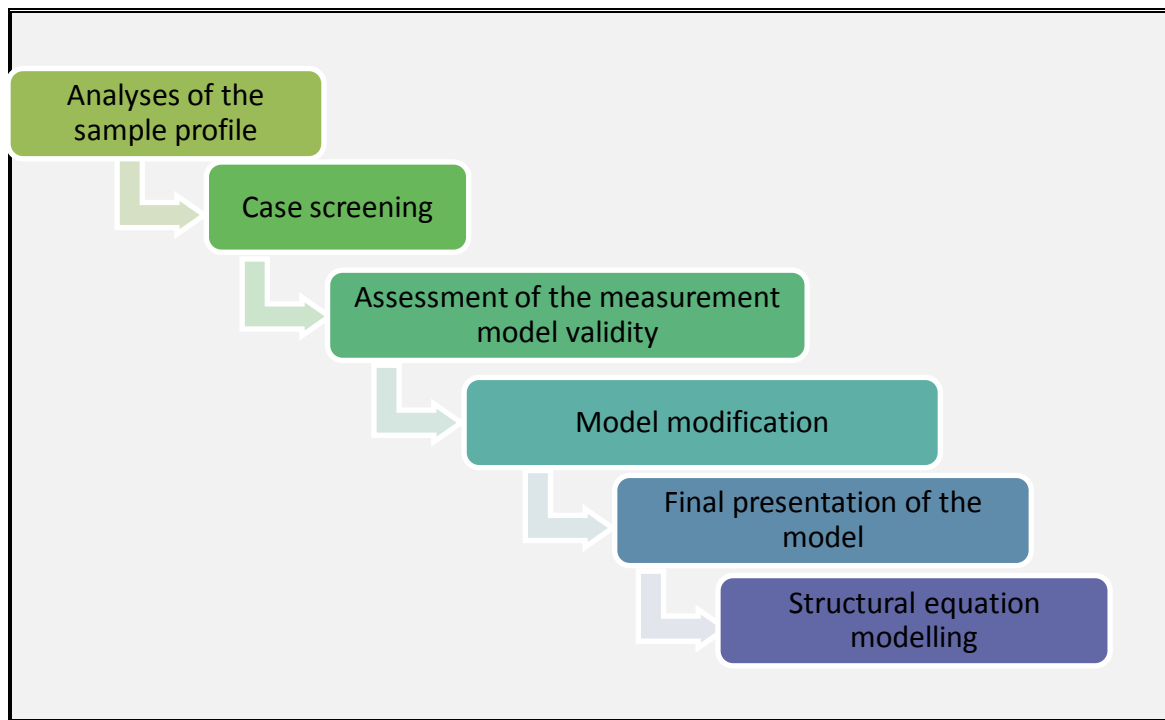


Figure 5.1: Data analysis process flow chart for the study

### 5.7.1 Case screening

The collected data was captured, recorded and screened for errors and missing values prior to the analysis. The objective of case screening was to proactively check data for potential errors that might have a negative impact on the empirical analysis. The case screening therefore involved confirming the exclusion of cases that were presented with missing values for the item-scale measures during the data collection phase, as well as the identification and assessment of potential unresponsive participants that should be excluded from further analysis. This was done to detect any missing values, prior to the analysis in the study. Furthermore, descriptive statistics including mean ratings, kurtosis and standard errors were assessed to check for a normal distribution.

### 5.7.2 Measurement model assessment

Xiong, Skitmore and Xia (2015:65) describe a measurement model as the part of a model that is used to examine the latent variables and their measures. In this study, the assessment of the measurement model entailed assessing the reliability and validity of the various hypothesised construct measures for transformational, transactional and laissez-faire leadership styles (independent variables), span of



control (moderator) and employee commitment (mediator). This included checking for measurement model fit, common method variance and reliability of the internal consistency.

#### **5.7.2.1 Common method variance**

It was important to check for any material measurement error that could affect the empirical results of this study during modelling. In this study, a common method variance was considered to check for errors that are compounded by the appeal of the participants to provide positive responses. Podsakoff, Mackenzie and Lee (2003:879) refer to the common method variance as that variance that is attributable to the measurement method rather than the construct of interest. It is also described by Richardson, Simmering and Sturman (2009:763) as a systematic error variance shared among variables measured with and introduced as a function of the same method and/or source. This means checking for the response bias that occurs when the respondents show a tendency to answer questions in a particular way, which in turn causes a distortion of the measurement (Jakobsen & Jensen, 2015:5).

Zikmund (2000:170) mentioned types of response bias as acquiescence bias (tendency to agree with all the questions), extremity bias (using extremes when responding to questions), interviewer bias (influence of the interviewer), auspices bias (participants being influenced by the organisation conducting the study), and social desirability bias (participants' desire to gain prestige or answers in a manner aimed at creating a favourable impression). Due to the political nature of the SOE environment at the top management level, checking for possible response bias, particularly extreme and social desirability biases, was essential because some participants may provide bias responses because of the suspicion that their participation might affect their relationship with their managers and as a result affect their career progression.

Podsakoff, Scott, McKenzie and Lee (2003:879) proclaim that measurement errors that emanate from method biases pose a threat to the validity of the conclusions of the relationships being measured. For this study, the Harmon's factor test was used to examine the common methods variance in the predictor variable and to ascertain

if the dependent variables augment the anticipated empirical relationship among all variables.

### **5.7.2.2 Measurement model fit**

In spite of the fact that the measurement instruments chosen for this study were utilised and verified for validity and reliability by a number of researchers, it was also important to validate the suitability of the scales in order to determine if the factor structure fits the data set of this study so as to allow for modification when required to enhance the measurement model.

Levine, Hullett, Turner and Lapinski (2006:310) contend that factor analysis of existing scales and the discarding of identified problematic items are desirable practices that should be accepted and encouraged. With this in mind, Confirmatory Factor Analysis (CFA) has been utilised to assess the adequacy of the measurement instruments.

The CFA is a statistical technique used for testing hypothesis commonality amongst variables (Lewis-Beck, Bryman & Liao, 2004:170). According to Nagy, Brunner, Ludkte and Greiff (2017:574), the CFA fragments the variance into two parts: common factors that represent the reliable variance of a certain measure shared with other measures and a unique factor that may represent reliable variance that is specific to a certain measure and random error variance. DeCoster (1998:5) purports that the CFA is commonly used to:

- establish the validity of a single factor model;
- compare the ability of two different models to account for the same set of data;
- test the significance of a specific factor loading;
- test the relationship between two or more factor loadings;
- test whether a set of factors are correlated or uncorrelated; and
- assess the convergent and discriminant validity of a set of measures.

First, the unobserved constructs that are assumed to influence observed measures were specified in this study, as well as the pattern of these influences through the

process of factor loading. The second step involved the evaluation of the goodness of fit of the measurement model, which was done through the examination of the representation of constructs by considering the size of the factor loadings and factor correlations. This has been done to determine the degree of fitness of the substantive model using the presented data. The goodness of fit includes: Cmin/df (Chi square degree of freedom), GFI (goodness of fit indices), TLI (Tucke-Lewis index), CFI (comparative fit index), RMSEA (root mean square error of approximation), SRMR (root mean square residual). The thresholds contained in Table 5.1, as suggested by Hair, Black, Babin and Anderson (2010) were used to assess the model fit for the measurement models used in the study. The use of this method is aligned with the recent study of Delegach, Kark, Katz-Navon and Van Dijk (2017), which examined the roles of the transformational leadership style, the transactional leadership style and self-regulatory focus in fostering organisational and safety commitment.

Table 5.1: Model fit thresholds

<b>Indices</b>	<b>Values</b>
Chi-square p-value	>0.05
CMIN/Df	<3.00
GFI	>0.90
AGFI	>0.80
TLI	>0.90
CFI	>0.90
RMSEA	<0.05
PCLOSE	>0.05
SRMR	<0.08

Source: Hair, Black, Babin and Anderson (2010)

Following the assessment of the goodness of fit, a final measurement models for the study were presented. The item loadings were evaluated and acceptable factor loadings were presented. The items with higher loadings that indicate a higher degree of correlation were treated as a single factor.

## **5.8 Descriptive analysis**

The descriptive statistics were used in this study to describe and summarise the sets of data. The use of descriptive statistics aimed at determining if the observed values differed significantly from what was expected from this study. For this study, the descriptive sample description includes: biographic and demographic

variables. A breakdown of summary construct measures have been provided through selective demographic characteristics of participants, namely gender, grouped age, race and level of education.

## **5.9 Inferential statistics**

Statistical tests were conducted to test the study's hypotheses. This entailed determining the means and standard deviations for the various construct measures as derived from the final measurement models, notably that of the hypothesised independent, dependent, mediator and moderator variables. After determining the means and standard deviation, a t-test was conducted to assess the statistical difference between the means of the independent groups.

A t-test was used to assess if the mean of a sample distribution is different from a specified or test mean (Clow & James, 2014:410). The level of significance derived from conducting the t-test was then used to compare the sets of scores with the amount of variation of the scores that arise by chance (Foster, 2001:14). This allowed for an estimation that indicates the likelihood of the data representing the population of the study.

Since the study involved more than two independent variables, the analysis of variance (ANOVA) was conducted. ANOVA is described by Peng (2009:329) as a statistical technique that is intended to analyse the variance in order to infer the inequality among population means. The objective of using ANOVA was to determine whether the means of a number of groups are equal (Huizingh, 2007:278). According to Muijs (2011:177), the technique works by comparing the variance of the groups' means with the variance of values within the groups.

Summary statistics was also reported for the total sample and the results were used to determine the predominant leadership styles of black top managers so as to achieve one of the study's objective. This method of analysis was also utilised by Asrar-ul-Hag and Kunchinke (2016) in the study of the impact of leadership styles on employees' attitude towards their leaders and performance.

In addition, the use of this technique in the study is also reinforced by the fact that it was utilized by Adeyemo, Terry and Lambert (2015) when they studied the

organisational climate, leadership style and emotional intelligence as predictors of quality of work life among bank workers.

Mbengue and Vandangeon-Derumez (2001:269) advance that a link between two variables is not enough to establish the existence of a causal relationship. They advise that the researcher should further determine the mechanism by which a variable affects another variable, meaning that one should determine the causality and association between the variables because association is a necessary condition for causality. Bi-variate Pearson Product Moment Correlation was used to determine the existence or non-existence of a correlation between leadership styles of black top managers, employee commitment and business performance.

Multiple regression analysis was also conducted. The analysis helped to assess the mediating role of employee commitment and determine if span of control plays any moderating role in the relationship between the leadership styles of black top managers and employees' commitment. According to Keller (2006:117), multiple regression models indicate how effective the independent variables function as predictors of the dependent variable. In order to assess if employee commitment mediates the relationship between the independent variable (leadership styles) and dependent variables (business performance), the mediation analysis procedure developed by Baron and Kenny (1986) was conducted.

The procedure required that four conditions be met for employee commitment to qualify as a mediator between leadership styles and business performance (Hayes, 2009:409). These are that the independent variable must be related to the dependent variable; that the independent variable must be related to the mediator; that the mediator should remain a significant predictor of the dependent variable; and that the independent variable should no longer significantly predict the dependent variable. However, according to Hayes and Rockwood (2016:5) all of these conditions do not necessarily have to be met for statistical examination of the mediation role of a variable in a hypothesized relationship to be undertaken.

On a different note, Hayes and Rockwood (2016:17) observe that researchers frequently attempt to label a mediation process as partial or complete even when this differentiation has little value. This position reduces the need for labeling the

mediation process as partial or complete and so in line with this thought, the study focused on identifying evidence of mediation without reporting on the extent of mediation. In order to test the entire mediation pathway in a single test, a Sobel test was conducted which combined the regression coefficients for the leadership styles, employee commitment and business performance. This was done to determine the significance of the indirect effect of the mediator.

The use of Sobel test is also evident in the study of Khattak, Batool and Haider (2017) who examined the mediating role of creative self-efficacy in the relationship between leadership styles and employee creativity. Precedence of the use of a Sobel test for the purpose that this study intends is also found in the work of Aga, Noorderhaven, and Vallejo (2016) that explored the mediating role of team building between transformational leadership and project success; and the study of Rossberger and Krause (2015) that examined the mediation model of the relationships between regulatory foci and safety outcomes.

In order to assess the effect of the independent variable on the dependent variable, moderation analysis was conducted. A moderator is the additional third variable that affects the correlation between dependent and independent variables (Pallant, 2011:311). In this study, the third variable is the span of control. Moderation analysis was conducted to establish if the span of control moderates the relationship between leadership styles of black top managers and employee commitment of employees. The analysis was done using the PROCESS macro for SPSS developed by Hayes (2013), which allowed estimating simultaneously indirect and moderated effect and moderated regression analysis.

## **5.10 Summary**

This chapter presented the framework of the methodology of this study. The discussion began by distinguishing the different philosophical approaches of acquiring knowledge in the research process, namely positivism, interpretivism, pragmatism and realism. The section underlined the philosophical approach adopted in this research, which is the positivist approach. The positivist approach depends on the quantitative method of collecting data and deductive reasoning,

which establishes the basis of the study through the literature review, formulation of the hypothesis and the application of statistical techniques of testing.

There was also a discussion on the ethical considerations observed in order to comply with the necessary scientific standards for conducting studies of this nature. Sampling procedures aimed at defining the target population, selecting the sample and sample size, and the chosen instruments for data collection were presented. Lastly, the model construction and regression analysis including mediation and moderation analysis for addressing the research objectives were discussed.

## CHAPTER 6

### PRESENTATION OF FINDINGS

#### 6.1 Introduction

This chapter of the study set out to address the study's main research objectives. It attempted to ascertain the prevalent leadership styles of black top managers and to investigate if a relationship exists between the identified leadership styles of black top managers, employee commitment and business performance. In addition, the study also sought to determine if employee commitment plays any mediating role in the relationship between the leadership styles of black top managers and business performance. Furthermore, effort was invested in the quest to ascertain if span of control plays any moderating role in the relationship between the leadership styles of black top managers and employee commitment.

In line with the various stages of the statistical analyses undertaken, the content of this chapter arose from:

- analysing the sample profile that highlights the relevant demographic characteristics of participants;
- case screening, which involved confirming the exclusion of cases that have presented missing values for the item-scale measures during the data collection phase, as well as the identification and assessment of potential unresponsive participants that should further be excluded from the analysis;
- assessing the reliability and validity of the various hypothesised construct measures for transformational, transactional and laissez-faire leadership styles (independent variables), span of control (moderator) and employee commitment (mediator). This included checking for measurement model fit, common method variance and internal consistency reliability;
- reporting of descriptive statistics (means and standard deviations) for the various construct measures as derived from the final measurement models,



notably that of the hypothesised independent, dependent, mediator and moderator variables (summary statistics are reported for the total sample and the results relating to the determination of leadership styles of black top managers in SOEs);

- reporting of bivariate correlations (Pearson product-moment correlations) between the various construct measures;
- reporting of results obtained from multivariate analysis, including multiple regression analyses; and
- reporting of the results obtained from assessing the mediating and moderating roles of employee commitment and span of control in the relationship between leadership style and business performance and leadership and employee commitment respectively.

As part of the discussion in this chapter, the results of the study were integrated with certain findings from extant literature drawn from the leadership, employee commitment and business performance domain.

## **6.2 Sample profile**

The demographic profiles of the participants are presented in this section. This includes gender, race, age, and level of education. The essence of this was to provide some detail that could enable the appreciation of the kinds of respondents that partook in this study.

### **6.2.1 Gender profile**

The study received responses from 232 participants. In the group, 130 (56%) were men and 102 (44%) were women. The proportional distribution by gender is depicted in Figure 6.1. According to the Statistics South Africa (2014:8), in a population of 54 million in South Africa, 28.53 million (approximately 51%), are women.

It is also stated that even though there are women in the overall population, a smaller number of women than men are employed. In other words, in South Africa a larger proportion of women as compared to men remain unemployed. Within the SOE environment, gender representation at top management level is such that men participation amounts to 64% as compared to 36% of women (Commission for Employment Equity Report, 2016:16). This imbalance in demographic spread is similarly depicted in this study's population.

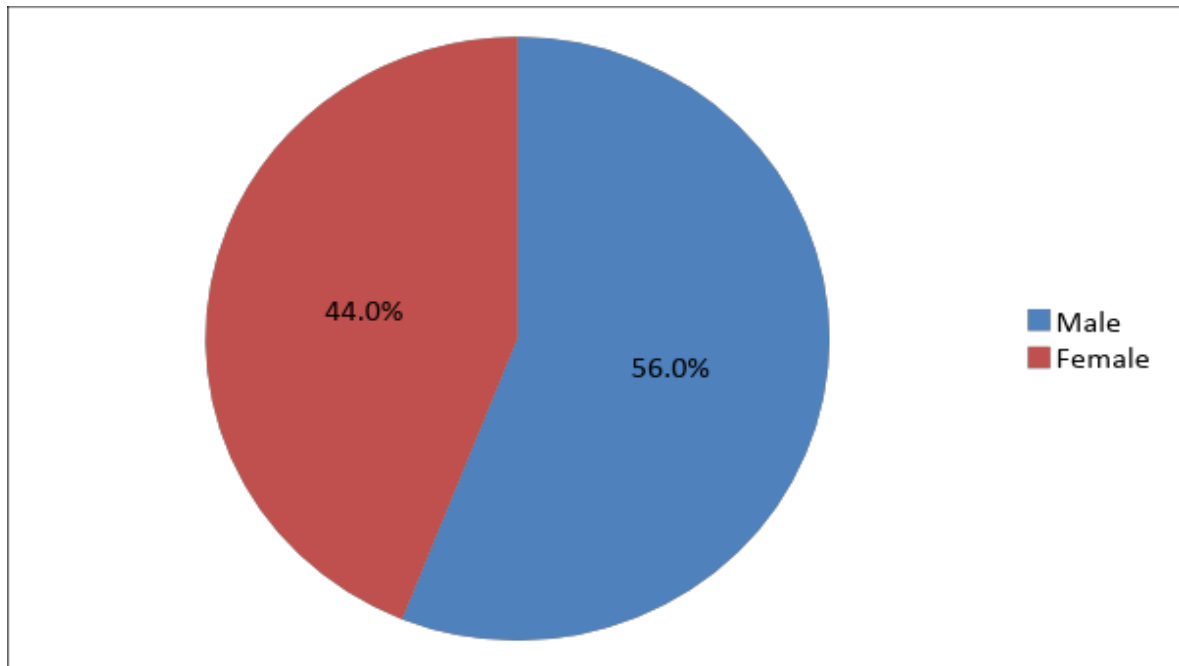


Figure 6.1: Gender profile of sample (n = 232)

### 6.2.2 Race

As shown in Figure 6.2, the race distribution of participants is 62.1% Black, 21.6% White, 7.3% Coloured and 9.1% Indian. This is not markedly different from the composition of the overall population at the top management level in state-owned enterprises, which is said to be 53.2% Black, 7.5% Coloured, 10.7% Indian, 26.1% White, while foreign nationals make up the remaining percentage (Commission for Employment Equity Report 2016:20).

Essentially, in the study as well as in the SOEs generally, black people seemed to pre-dominate other races, despite the drawbacks experienced in the previous apartheid system.

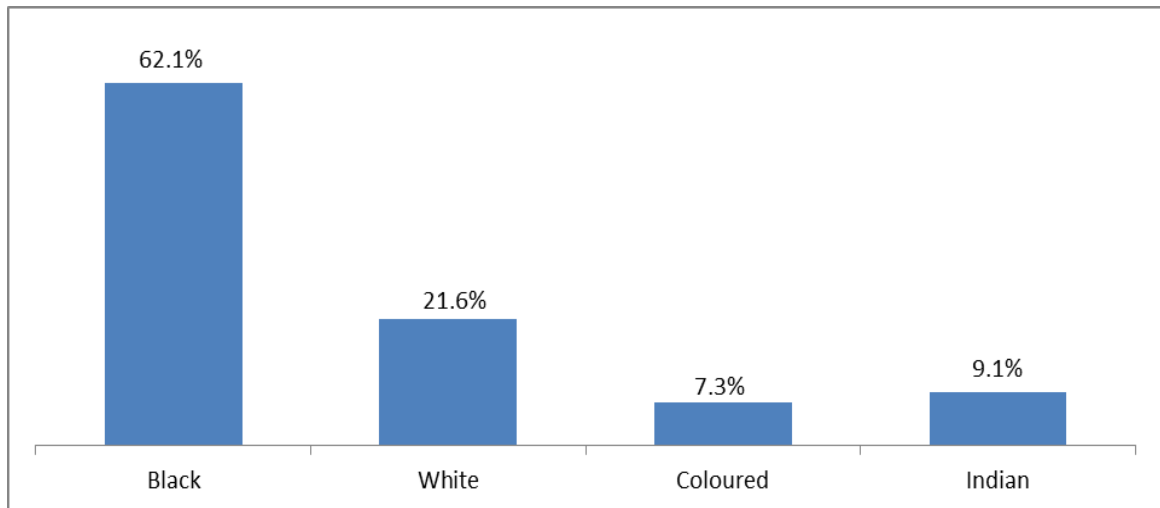


Figure 6.2: Race profile of sample (n = 232)

Possibly, much of this predomination can be accredited to the government's implementation of affirmative action and employment equity initiatives that deliberately aimed to favour black people for employment and other purposes. Though South Africa is for all intents a nation of racial diversity, the largest population of all the groups remains the black race at 90.6% (Commission for Employment Equity Annual Report 2016:7) and rational thinking would suggest that this would also be reflected in the working population; more so in SOEs.

### 6.2.3 Age group

The age distribution indicated that 3.4% of the sample is in the 21 to 30 age group, 24.6% in the 31 to 40 age group, 43.1% in the 41 to 50 age group and 28.9% of the respondents are older than 50 years. The proportional distribution by age group is depicted in Figure 6.3. The economically active population (EAP) in South Africa consists of people between 15 to 64 years. This age bracket comprises the youth (15 to 34 years) and adults (35 to 64 years). According to Statistics South Africa (2017:26), of the economically-active population, 43.7% are employed.

In this study, the majority of the participants fall within the adult age group and this could be as a result of the relatively high positions that the respondents occupy in their respective organisations, given that they report directly to top managers.

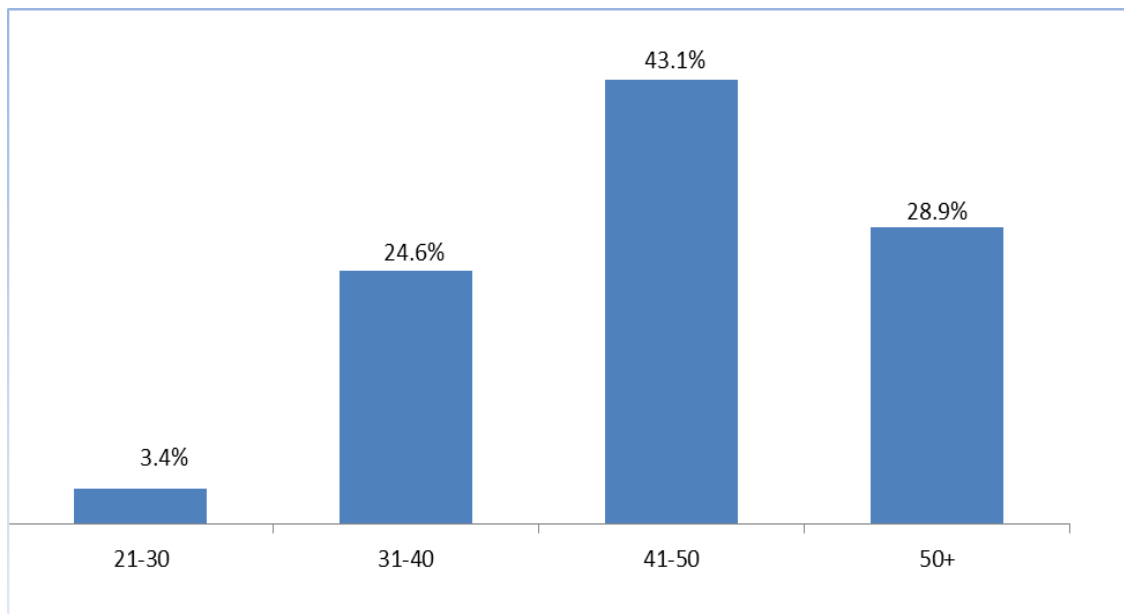


Figure 6.3: Age group of sample (n = 232)

It can be said that this shows a fair progression of career development as the participants were seen to have progressed in their careers as their years of working experience accumulate.

#### 6.2.4 Level of education

The proportional distribution of the highest level of education obtained by respondents in this study is depicted in Figure 6.4. The distribution spread indicated that at their highest level of qualifications, 8.6% of the 232 participants have a matric certificate (National Senior Certificate), 19.4% have a diploma, and 72% have a bachelor's degree. According to Statistics South Africa (2016:44), South Africa has seen an increase in the number of persons who have attained a bachelor's degree across all ages.

This improvement was evident in the respondent population of this study as more than 70% of the participants possess a bachelor's degree. More instructively, 53% of all the respondents have a postgraduate qualification. In essence, it could be argued that the participants, who directly report to black top managers, are highly qualified and skilled in their respective fields of expertise. For instance, in one of the SOEs from which respondents were drawn, 100% of the participants have a bachelor's degree.

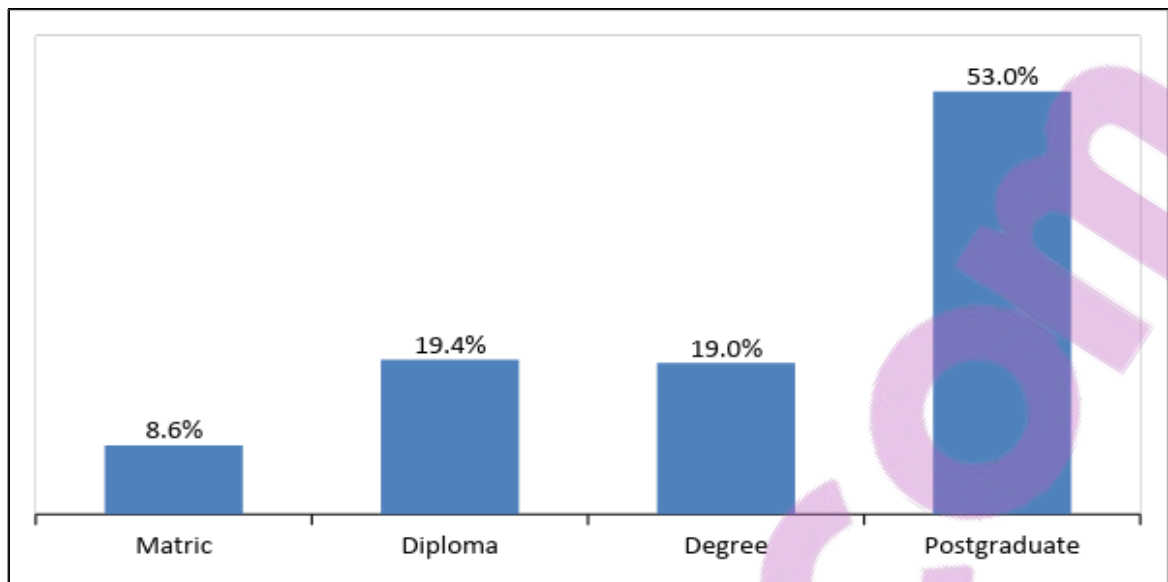


Figure 6.4: Respondents' level of education (n = 232)

### 6.3 Case screening

Case screening involved assessing the data collected for prevalence of any missing values as well as unengaged responses. While stringent quality control was enforced during the fieldwork phase, the database relating to the item responses was once again checked for the possible missing values. Missing values indicated omissions of participants while completing the questionnaire and could be limiting when some statistical techniques such as regression analysis are to be undertaken. A screening of cases confirmed that no missing values were reported and all 232 returned questionnaires presented a complete set of data that were used for the next phase of assessment.

Another aspect assessed by the researcher was that of assessing the data across cases for the possibility of unengaged responses. This phenomenon presents itself when participants provide the same ratings for all items underlying the construct measure. While this could be possible, scale measures are typically designed to emphasise variation and as such help to identify the underlying relationships. This assessment was done by calculating the standard deviation across cases for items within scale measures with similar response options. Two specific Likert-type response options were used in the study. The first was a five-point response option

ranging from “Not at all” to “Frequently”. The second was also a five-point response option ranging from “Strongly disagree” to “Strongly agree”.

A case with a standard deviation of zero across these two different measurements can be indicative of an unengaged participant. In other words, an unengaged respondent typically reports the same level of frequency or extent of agreement for all items in the scales without any variation. In order to investigate this, minimum standard deviations were calculated for the cases in the study. The minimum standard deviations of 0.45 (case 151) and 0.32 (case 59) were reported. No cases therefore were classified as unresponsive ( $SD=0$ ) and consequently all were deemed valid for inclusion in the next phase of analysis.

#### **6.4 Towards a measurement model**

The various construct (scale) measures used in this study were assessed in relation to reliability and validity. This first step in statistically assessing the scale measures involved employing Confirmatory Factor Analysis (CFA) to assess model fit. The CFA is a multivariate statistical analysis used to measure the psychometric properties of the theoretically grounded measurement instrument (Levine, Hullett, Turner & Lapinski, 2006:309; Schreiber, Stage, King, Nora & Barlow, 2006:323; Nagy, Brunner, Ludtke & Greiff, 2017:1). The aim herein was to test whether the pre-specified structure of constructs influences responses in a predicted manner, and this determined if the measurement model adequately fits the set of data being evaluated.

The CFA permits methods of analysis to affect the measures of construct to varying degrees and to correlate freely amongst itself, which as a result produces valuable information about the psychometric properties of instruments. The CFA uses different tests, such as CMIN (normed Chi-Squared/df), GFI (Goodness of fit), CFI (Comparative Fit Index), RMSEA (Root Mean Square Error of Approximation) and the size of the loading of factors presenting the constructs in order to estimate convergent and discriminatory validity more accurately. As a result, the use of CFA was suitable for verifying the validity of the measurements adopted in this study.

In order to ascertain the fitness of the measurement model, the study relied upon suggested various fit indices in extant literature. Ockey and Choi (2015:307) state

that the model ought to be reasonably fit for the data, before validation about the relationships amongst the variables can be made. However, Brown (2015:74) contends that there are no absolute guidelines for what constitutes an acceptable model fit due to the variety of factors that may be present, such as the sample size, model complexity, estimation method, type of misspecification, normality of data and type of data.

Nonetheless, researchers such as Hu and Bentler (1999:1), Schreiber, Nora, Stage, Barlow and King (2010:330) suggest that for an acceptable fit, SRMR values should be less than 0.08, RMSEA should be less than 0.05, CFI /TLI index values should be greater than 0.90, AGFI values should be greater than 0.80, GFI values should be greater than 0.90, CMIN/DF values should be less than 3 and the Chi square *p*-value should be greater than 0.05.

#### 6.4.1 Assessing the initial measurement models

The CFA was employed to assess the model fit of the following scale measures: transformational leadership, transactional leadership, laissez-faire leadership and employee commitment. Table 6.1 presents the model-fit statistics for the various scales. The fit was additionally evaluated against the proposed minimum threshold values presented in Section 6.4.

Table 6.1: Model-fit statistics – Initial construct (scale) measures

	Construct/Scale			
	Transformational Leadership	Transactional Leadership	Laissez-faire Leadership	Employee commitment
# of sub-factors	5	3	1	3
CMIN	428,91	99,61	1,11	475,85
DF	160	51	2	132
P-value	0,000	0,000	0,574	0,000
CMIN/DF	2,68	1,95	0,56	3,61
GFI	0,83	0,94	1,00	0,79
AGFI	0,78	0,90	0,99	0,72
TLI	0,89	0,91	1,01	0,74
CFI	0,91	0,93	1,00	0,77
RMSEA	0,09	0,06	0,00	0,11
SRMR	0,05	0,07	0,01	0,12

For the transformational leadership scale, the measures of CMIN/DF (2.68), CFI (0.91) and SRMR (0.05) appeared to satisfy the model-fit threshold requirements.

In contrast, GFI (0.83), AGFI (0.78), TLI (0.89), RMSEA (0.09) and the  $p$ -value ( $<0.05$ ) did not meet the recommended thresholds. Therefore, the study's position was that the fit indices were reflective of a poor model fit.

For the inspection of the CFA measurement model, as shown in Figure 6.5, high correlations of above 0.8 between sub-constructs were revealed. This was indicative of low discriminant validity. Apart from item B19 of the individual consideration (IC) sub-construct, which showed a value of 0.49, all measurement items of the transformational leadership scale were above 0.5 in value. This indicated adequate convergence validity. In addition, Harman's single-factor test was used to assess the common methods variance for the construct.

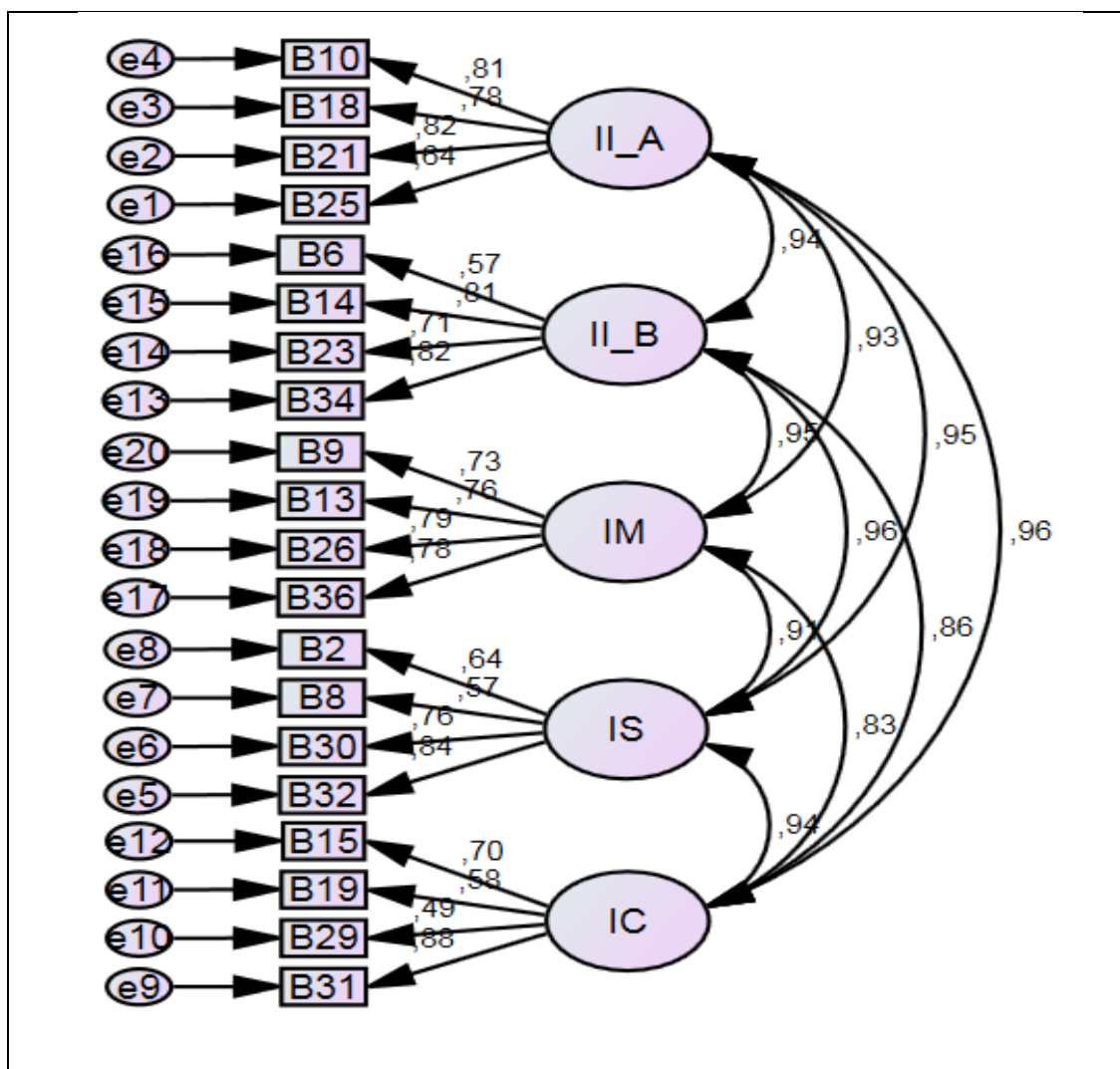


Figure 6.5: Initial CFA model – Transformational Leadership Scale



The test involved loading all of the items in a scale into an exploratory factor analysis and examining the unrotated factor solution to determine the number of factors that are necessary to account for the variance in the items (Podsakoff, MacKenzie, Lee & Podsakoff, 2003:889).

The basic assumption was that if a substantial amount of common method variance was present, either a single factor would emerge from the factor analysis or one general factor would account for the majority of the covariance amongst the measures. The assessment of the common method variance revealed that for five factors of transformational leadership, a single-factor solution accounts for more than 50% of the total variance. As such, this analysis indicated that a single-factor solution might underlie the measurement model.

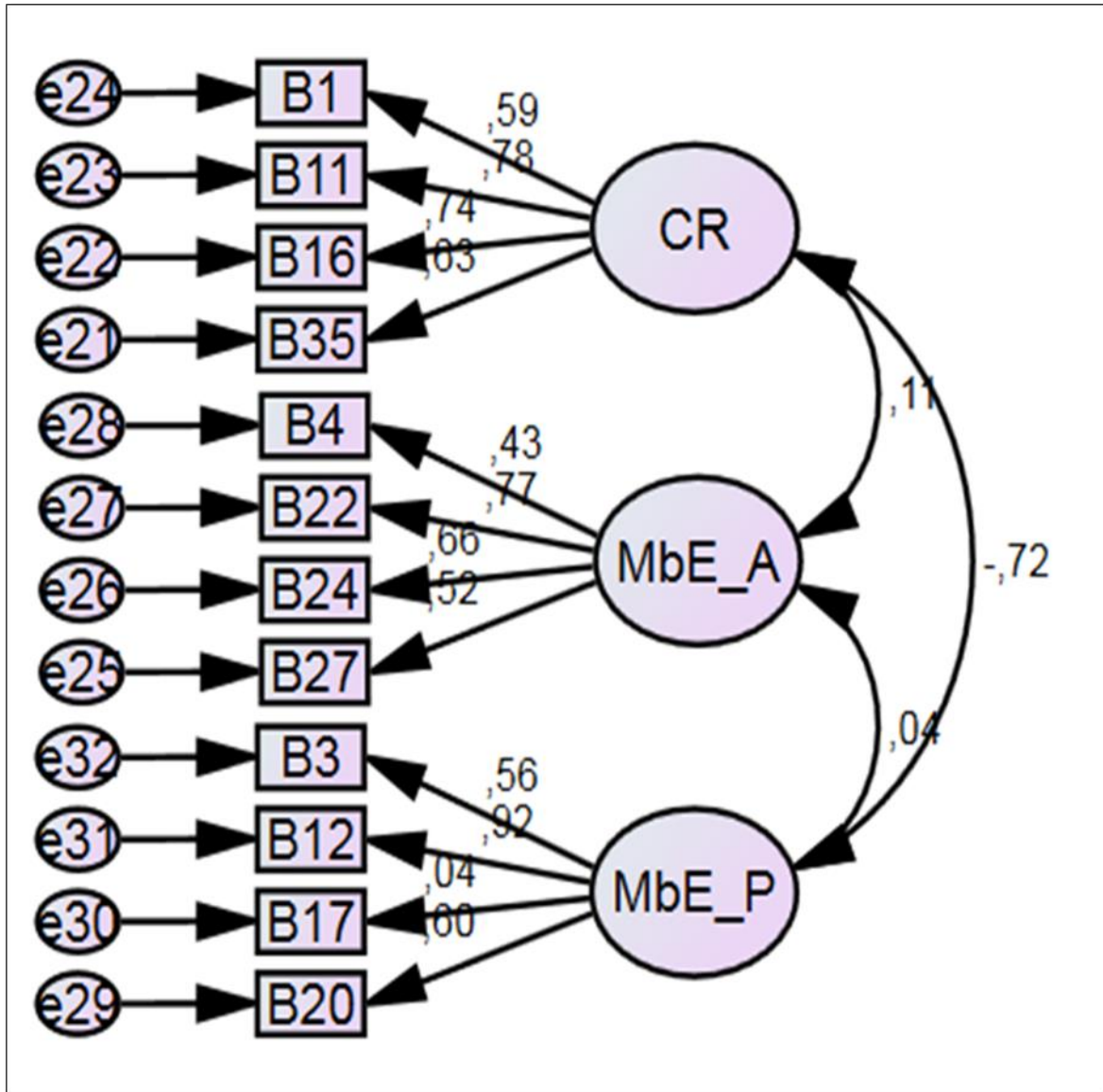
This meant that all the sub-factors of the transformational leadership style would be treated as single factor. The approach is similar to other studies which have used the MLQ instrument. For instance, Hetland, Hetland, Bakker and Bemmeruti (2018) synthesized the factors underlying a leadership construct in their study of the link between transformational leadership and proactive work behaviour in the form of job crafting.

Precedence related to deference to unsatisfactory model-fit statistics to the extent of combining component factors of the transformational leadership construct is also found in the work of Hildenbrand, Sacramento and Binnewies (2018) who looked at the relationship between transformational leadership and the burnout phenomenon.

The assessment of the transactional leadership construct, as shown in Figure 6.6, was also conducted to ascertain the validity of the measurement model. In doing so, the fit indices of transactional leadership measurement model were assessed. The value of RMSEA (0.06) was slightly above the recommended threshold of  $<0.05$  and the  $p$ -value (0.000) did not meet the recommended minimum threshold. However, the values of TLI (0.91), GFI (0.94), AGFI (0.90), GFI (0.94) and CMIN/DF (1.95), SRMR (0.07) all met the recommended minimum thresholds. Even though the assessment showed that not all the fit indices met the

recommended minimum threshold, the majority of them seemed to be acceptable. Arguably, it could be said that the model was reasonably fit for the study.

Figure 6.6: Initial CFA model – Transactional Leadership Scale



The assessment of the common method variance for the transactional leadership scale revealed a variance for the three factors of transactional leadership. A single-factor solution accounted for an estimated 24.1% of the total variance which is less than 50% of the total variance. This was indicative that some hypothetical sub-construct could be underlying the measurement model. As such, the test did not reveal any possibility of common method variance problem.

Furthermore, an assessment of the discriminant and convergence validity of the transactional leadership scale was conducted in order to verify whether the factors were distinguishable. The values between CR and MbE\_A (0.11) as well as MbE\_A and MbE\_P (0.4) were less than 0.8, which was an indication of adequate discriminant validity. Some exceptions were observed in respect of item values B4 (0.43) and B17 (0.40), which were below the recommended threshold of 0.5. However, the correlations between the sub-constructs showed that the majority of measurement items were not highly interrelated and therefore demonstrated adequate convergence validity.

The assessment of the fit indices of the laissez-faire leadership scale shown in Figure 6.7 revealed that all the values met the suggested minimum threshold, which was an indication of a good model fit. Furthermore, the values of the measurement items were all above 0.5, which was an indication of the convergence validity being adequate for the construct.

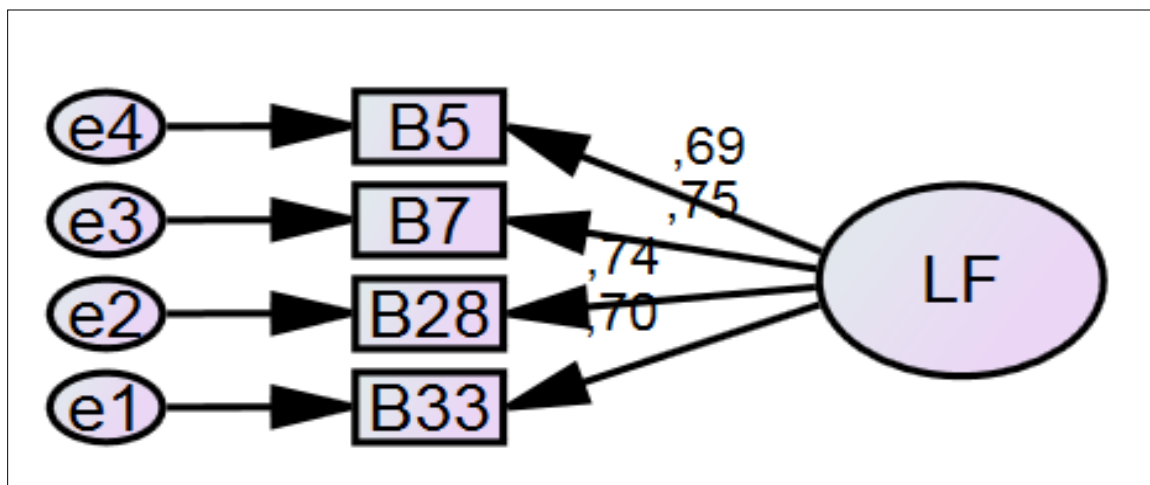


Figure 6.7: Initial CFA model – Laissez-faire Leadership Scale

The procedure for determining model fit was also applied to the scale for employee commitment. The results of the statistical analysis are shown in Table 6.1. The fit indices for the employee commitment measurement model showed a systematic pattern of test values not meeting the minimum thresholds.

For the employee commitment scale, a single-factor solution accounted for about 26.3% of the total variance. This was less than the 50% threshold and indicated that some hypothetical sub-constructs could be statistically distinguishable.

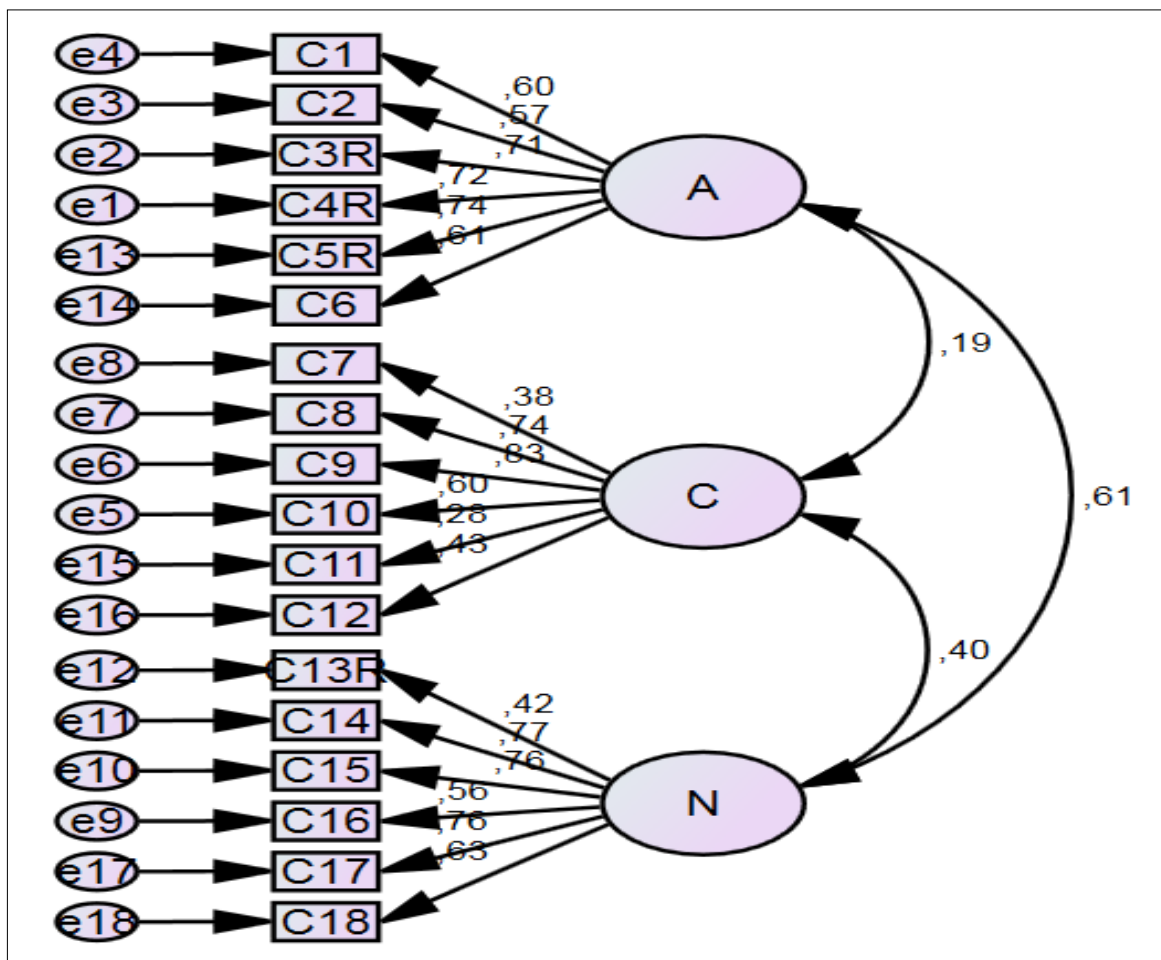


Figure 6.8: Initial CFA model – Employee Commitment Scale

An assessment of discriminant and convergent validity of the employee commitment scale showed some exceptions. The correlation values between affective commitment (A) and continuance commitment (C) (0.19) as well as the values between continuance commitment (C) and normative commitment (N) (0.4) showed adequate discriminant validity. Despite this, there were a few measurement items with score that were below 0.5, which could weaken the convergence validity of the sub-constructs.

### 6.5 Final measurement models

Following the process of assessing the initial measurement model fit of measurement scales, it was evident that some model modification had to be considered in order to improve the fit and meet the minimum recommended thresholds. The modification included the identification of items with factor loadings less than 0.5. These items were examined and excluded from the model due to their relatively weak contribution towards the construct measurement. This

improved the overall fit in terms of internal consistency reliability, convergent reliability, average variance extracted and average loadings.

### **6.5.1 Final measurement models for leadership**

The final model fit statistics for transformational leadership are presented in Table 6.2. The average variance explained is 51.7%. Furthermore, the composite reliability is calculated as 0.95 and the Cronbach alpha as 0.95. These indicators of internal consistency reliability are above the minimum recommended value of 0.60 and Cronbach alpha above 0.80 as suggested by Pallant (2011:100). The author also proposes a minimum value for the inter-item correlation (IIC) of 0.20 and for this construct the value is 0.49, which indicated acceptable internal consistency reliability. The value of Cronbach alpha for this study is comparable to the values of 0.96 and 0.95 respectively obtained in empirical studies conducted by Hartog, Muijen and Koopman (1997) and Zuraik and Kelly (2018).

Having established acceptable reliability, the overall construct mean for transformational leadership could be interpreted. Transformational leadership includes aspects such as idealised influence (attribute and behaviour), inspirational motivation, intellectual stimulation, and individualised consideration. Transformational leaders tend to embrace the values and mission of the organisation, inspire and motivate their employee, and empower employees to contribute towards the achievement of the strategic goals of the organisation.

The construct mean for transformational leadership was calculated by averaging the individual item means and this resulted in a figure of 3.77 (SD = 0.877). This result was supported by the outcome of the one-sample t-test that was conducted, which showed the values of  $t=13.327$ ;  $df=231$ ; and  $p<0.000$ .

The values indicated the mean rating being significantly different and higher than the mid-value of three ('sometimes'). While the value of the mean suggests that the respondents perceive transformational leadership style as being displayed by black top managers 'sometimes', it is noteworthy to highlight that that the score actually leans towards an indication that the leadership style is perceived to be displayed 'fairly often'.

Table 6.2: Transformational leadership measurement model statistics

Items	Item mean (SD)	Construct mean (SD)	Item-total correlation	CA / CR	IIC	Variance explained	Factor loadings
B25	3,66 (1,310)	3,77 (0,877)	0,651	0,952 0,953	0,494	51,7%	0,665
B6	3,79 (1,259)		0,546				0,551
B14	3,80 (1,275)		0,757				0,784
B23	4,08 (1,069)		0,696				0,710
B10	3,67 (1,299)		0,786				0,804
B18	3,94 (1,203)		0,750				0,765
B21	4,00 (1,078)		0,771				0,801
B34	3,86 (1,138)		0,769				0,792
B9	3,98 (1,157)		0,661				0,671
B13	4,10 (1,055)		0,686				0,703
B26	3,92 (1,195)		0,738				0,752
B36	4,03 (1,117)		0,757				0,785
B2	3,79 (1,119)		0,622				0,627
B8	3,63 (1,185)		0,568				0,574
B30	3,60 (1,148)		0,712				0,733
B32	3,54 (1,235)		0,796				0,822
B15	2,99 (1,275)		0,656				0,668
B19	3,70 (1,261)		0,529				0,544
B31	3,58 (1,363)		0,781				0,812

SD = Standard deviation; CA = Cronbach alpha; CR = Composite Reliability; IIC = Inter-item Correlation

\*Scores: 1 = Not at all, 2 = Once in a while; 3 = Sometimes; 4 = Fairly often; 5 = Frequently

Demir (2017:52) declares that the transformational leadership style in the management function is more prominent at the top management level. Top managers who display this style of leadership give attention to their relationships with employees and drive change by way of motivating and inspiring employees to change their attitudes, beliefs, values and behaviours in order to instill pride and inspire the shared vision of the organisation (Asrar-ul-Haq & Kuchinke, 2016:56). In harmony with this stance, some researchers have pronounced this leadership style as being preferable to employees (Waldman, Ramirez, House, & Puranam, 2001; Limsila & Ogunlana, 2008; Yukl, Gordon & Taber, 2002). The results of this study, to the extent that the respondents reported that black top managers tend to display the transformational leadership style would therefore imply that they are utilizing the preferable style of leadership, especially given the level of management at which they operate.

Table 6.3 presents the final model fit statistics for the transactional leadership scale. The transactional leadership construct was slightly modified by removing items with a loading of less than 0.5. The final measurement model therefore indicated an acceptable fit since all item loadings are above 0.5 and indeed fall within a range of 0.6 to 0.8.

Table 6.3: Transactional leadership measurement model statistics

Construct	Items	Item mean (SD)*	Construct mean (SD)	ITC	CA CR	AVE	MSV	Factor loading
Contingent Reward	B1	3,60 (1,185)	3,77 (1,181)	0,524	0,775 0,780	0,473	0,521	0,591
	B11	3,97 (1,085)		0,646				0,777
	B16	3,60 (1,287)		0,625				0,738
	B35	3,89 (1,165)		0,529				0,628
Management by Exception-Active	B22	3,08 (1,349)	2,86 (1,333)	0,569	0,678 0,693	0,437	0,016	0,801
	B24	2,65 (1,319)		0,500				0,643
	B27	2,85 (1,332)		0,411				0,507
Management by Exception-Passive	B3	2,26 (1,320)	1,96 (1,222)	0,474	0,716 0,745	0,507	0,521	0,556
	B12	1,79 (1,141)		0,655				0,925
	B20	1,83 (1,206)		0,494				0,598

SD = Standard deviation; ITC = Item-total correlation; CA = Cronbach alpha; CR = Composite Reliability; IIC = Inter-item Correlation; AVE = Average Variance Extracted; MSV = Max Shared Variance.

\*Scores: 1 = Not at all, 2 = Once in a while; 3 = Sometimes; 4 = Fairly often; 5 = Frequently

The individual sub-construct fit statistics showed acceptable convergent and discriminant validity traits. The item-total correlations (ITC), the composite reliabilities (CR), Cronbach alphas (CA) and inter-item correlations (IIC) are above acceptable thresholds. For ITC this is above 0.5, for CA and CR the results are above 0.6 and for IIC above 0.2.

While the AVE is less than the recommended value of 0.5, the individual items remain strong indicators of the construct being measured. Given that the measurement model has been extensively used by a number of researchers (Jabeen, Behery, & Elanain, 2015; Afshari & Gibson, 2016; Dartey-Baah & Ampofo, 2016), the constructs were retained and regarded as proxy measures for transactional leadership.

Instructively, it was pertinent to decompose transactional leadership and recognize its component factors individually for the remaining part of the study.

This type of decision is not new in leadership studies as a precedence can be found in the study of Hater and Bass (1988) that investigated superiors' evaluations and subordinates' perceptions of transformational and transactional leadership. A similar decision was made by Parry and Proctor-Thompson (2001) while investigating the validity and reliability of the organisational description questionnaire. Furthermore, a recent study that examined the factor structure of the MLQ transactional and transformational leadership dimensions in the Nursing context in Canada by Boamah and Tremblay (2018) also recognized the component factors of the transactional leadership construct.

Contingent reward (CR): The construct is represented by the following items: B1 ("My leader provides me with assistance in exchange for my efforts"), B11 ("My leader discusses in specific terms who are responsible for achieving performance targets"), B16 ("My leader makes clear what one can expect to receive when performance goals are achieved") and B35 ("My leader expresses satisfaction when I meet expectations").

For the CR construct, the test indicated CA of 0.7 and an IIC of 0.4. The average mean value of the construct is 3.77 (SD = 1.181). The average indicated that the respondents perceived CR to be exhibited 'sometimes' by black top managers in the organisation. This result is supported by the outcome of the one-sample t-test conducted in this study with the values of  $t=12.650$   $df=231$  and  $p<0.000$ , which indicated the mean rating to be significantly higher than the mid-value of three ('sometimes'). Managers who display contingent reward behaviours strengthen the performance-outcome expectations and reward the task effort (Yammarino, Spangler & Dubinsky, 1998:33).

Arnold, Connelly, Walsh and Martin Ginis (2015:483) write that contingent reward is considered to be the most positive and effective facet of the transactional leadership style due to the relationship of reciprocal exchange between employees and management. However, in order for the exchange to be effective, managers should show the ability to balance organisational and individual needs in order to influence business performance. Based on the result of this study, it was therefore evident as it has been reported that black top managers sometimes displayed the



ability to leverage off the prominence of the performance-outcome rewards link to attempt to realise business expectations.

Management by Exception – Active (MbE\_A): This construct implies that the leader exercises control by closely tracking and monitoring the performance of subordinates. The construct is represented by the following statements: B22 (“My leader concentrates his/her full attention on dealing with mistakes, complaints, and failures”), B24 (“My leader keeps track of all mistakes”) and B27 (“My leader directs my attention towards failures to meet standards”).

In terms of the MbE\_A construct, the CA and IIC met the recommended minimum thresholds with the values of 0.6 and 0.4 respectively. The average mean value of the construct is 2.86 (SD = 1.333) which indicates the mean rating being lower than the mid-value of three (‘sometimes’). The results are supported by a one-sample t-test with the values of  $t=-2.12612$ ,  $df=231$  and  $p<0.035$ ). It can therefore be said that the mean value indicated that black top managers were perceived by the respondents to display the MbE\_A facet of transactional leadership style in the organization, ‘once in a while’.

A plausible explanation for the low mean score could be that due to the level of qualification and relatively top positions of the participants in this study, it is not necessary for black top managers to constantly be involved in their work. After all, Chaudry and Javed (2012:259) state that managers who display MbE\_A behaviours leave their employees to perform their duties and only intervene when they notice deviations.

Management by Exception – Passive (MbE\_P): This construct suggests that the leader does not act, except when objectives have not been met or when problems have been escalated. The construct is represented by the following statements: B3 (“My leader fails to interfere until problems become serious”) and B20 (“My leader demonstrates that problems must become chronic before taking actions”).

The internal consistency test of the MbE\_P construct showed the values of CA as 0.7 and IIC as 0.4. The average mean value is 1.96, meaning that the MbE\_P is perceived by the sample group to be ‘not at all’ exhibited by black top managers in

the organisation. The results are supported by one sample t-test conducted with the values of  $t=-16.275$ ,  $df=231$  and  $p<0.000$ . Managers who display MbE\_P do not take action until deviations cannot be ignored. They do so by avoiding making decisions and neglecting workplace problems (Holts & Hu, 2017:120). In their studies, Skogstad et al. (2007) and Aasland et al. (2010) conclude that this behaviour has a negative effect on the employees' attitudes, behaviours and organisational performance. The results herein show that black top managers do not at all display this behaviour, which possibly indicated that they are reasonably involved with the work performed in their units and provide the necessary guidance to their employees.

The laissez-faire leadership style measurement model had to be slightly modified to achieve a factor loading above the threshold of 0.6. Laissez-faire leadership refers to inactive form or lack of leadership actions and the items on the scale included: B5 ("My leader avoids getting involved when important issues arise"), B7 ("My leader is absent when needed"), B28 ("My leader avoids making decisions"), and B33 ("My leader delays responding to urgent questions"). As shown in Table 6.4, the CA and IIC indices meet the recommended minimum threshold for the reliability of the internal consistency, as evidenced by the CA values being 0.8 and the IIC value being 0.5.

The average mean value of the construct is 1.91 (SD = 1.333). The outcome of the one-sample t-test conducted, with the values of  $t=-16.809$ ,  $df=231$  and  $p<0.000$ , indicates that the mean rating is lower than the mid-value of three ('sometimes'). As such, the perception seems to be that the black top managers in the studied SOEs, do 'not at all' display the laissez-faire leadership style. Einarsen, Skogstad and Aasland (2010:338) state that managers who display the laissez-faire leadership style are physically present in their positions, but relinquish their responsibilities.

This leadership style has been found to influence the employees negatively to the extent that it creates feelings of frustration, resentment and violation (Skogstad, Eirnsen, Torsheim, Asland & Hetland, 2007:85).

Table 6.4: Laissez-faire leadership measurement model statistics

Items	Item mean (SD)*	Construct mean (SD)	ITC	CA/ CR	IIC	Variance explained	Factor loadings
B5	1,90 (1,294)	1,91 (0,986)	0,607	0,808 0,811	0,518	51,8%	0,698
B7	1,70 (1,079)		0,650				0,739
B28	1,92 (1,242)		0,637				0,752
B33	2,13 (1,325)		0,615				0,689

SD = Standard deviation; CA = Cronbach alpha; CR = Composite Reliability; IIC = Inter-item Correlation

\*Scores: 1 = Not at all, 2 = Once in a while; 3 = Sometimes; 4 = Fairly often; 5 = Frequently

The study's results as it concerns the display of the laissez-faire leadership style appear to lend some credence to the results obtained when the transactional leadership facet of MbE-A was considered. The deduction, going by these results is that black top managers tend to be reasonably involved in the work performed in their units.

### 6.5.2 Final measurement model for employee commitment

The final measurement model for employee commitment is presented in Table 6.5. As with previous constructs, certain scale items were removed to achieve the average items loading, which is higher than 0.6. The final model consists of 11 items spanning the three component constructs of affective, normative and continuance commitment. Affective commitment indicates the employees' identification with the values and goals of the organisation (Carmeli, 2005:448).

The items that represent the construct on the scale include: C1 ("I would be very happy to spend the rest of my career with this organisation"), C2 ("I really feel as if this organisation's problems are my own"), C5 ("I do not feel like "part of the family" at my organisation") and C6 ("This organisation has a great deal of personal meaning for me"). The values of CA and IIC are 0.7 and 0.4 respectively and these indicated the existence of internal consistency. The average mean value of the construct is 3.88 (SD = 0.980). The results indicated the participants' affective commitment to be 'neutral' towards the organisation.

Table 6.5: Employee commitment measurement model statistics

Construct	Items	Item mean (SD)*	Construct mean (SD)	ITC	CA CR	IIC	AVE	MSV	Factor loading
Affective	C1	3,63 (1,405)	3,88 (0,980)	0,550	0,742 0,752	0,427	0,435	0,564	0,649
	C2	3,91 (1,273)		0,556					0,669
	C5R	3,87 (1,397)		0,460					0,532
	C6	4,12 (1,126)		0,598					0,767
Continuance	C8	3,23 (1,484)	3,05 (1,325)	0,655	0,790 0,808	0,655	0,682	0,237	0,936
	C9	2,87 (1,430)		0,655					0,699
Normative	C14	3,20 (1,443)	3,46 (1,025)	0,674	0,826 0,815	0,485	0,470	0,564	0,688
	C15	3,02 (1,431)		0,664					0,657
	C16	4,00 (1,099)		0,513					0,606
	C17	3,47 (1,345)		0,700					0,785
	C18	3,61 (1,331)		0,562					0,681

SD = Standard deviation; ITC = Item-total correlation; CA = Cronbach alpha; CR = Composite Reliability; IIC= Inter-item Correlation; AVE = Average Variance Extracted; MSV = Max Shared Variance.

\*Scores: 1 = Strongly disagree, 2 = Slightly disagree; 3 = Neutral; 4 = Slightly agree; 5 = Strongly agree.

The results of the study revealed that the direct reports of black top managers neither agree nor disagree with regard to identifying with the values and goals of the organisations. However, even though the results showed the participants being neutral about their affective commitment to the organisation, the mean value leans towards the respondents slightly agreeing to being affectively committed to the organisation. This is confirmed by the outcome of the one-sample t-test conducted with the values of  $t=13.717$ ,  $df=231$  and  $p<0.000$ .

Continuance commitment refers to an employee's psychological bond to an organisation, which is premised on the perceived costs and risks related to leaving the organisation. The related items on the scale include: C8 ("It would be very hard for me to leave my organisation right now, even if wanted to"), and C9 ("Too much of my life would be disrupted if I decided I wanted to leave my organisation now").

The value relating to CA and IIC are 0.7 and 0.6 respectively and this is reflective of the existence of internal consistency. The average mean value of the construct is 3.05 (SD = 1.325). The results indicated that participants' continuance

commitment is 'neutral' to the organisation. This is supported by the outcome of the one-sample t-test of this study with the values of  $t=0.570$ ,  $df=231$  and  $p<0.569$ . Generally, continuous commitment is understood as the commitment that arises when there is a lack of external opportunities and significant amount of investment made within the organisation by the employee (Reardon, Clinebell, Škudienė & Trijonyte, 2013:140).

The results showed that the direct reports of black top managers are not sure about staying in their organisations. Therefore, it can be argued that in as much as they are satisfied with the benefits offered by the SOEs, they do not appear to be numb to the reality of the existence of external opportunities. Normative commitment is defined as the employee's moral obligation to remain with the organisation.

The items representing the construct on the scale include: C14 ("Even if it were to my advantage, I do not feel it would be right to leave my organisation now"), C15 ("I would feel guilty if I left my organisation now"), C16 ("This organisation deserves my loyalty"), C17 ("I would not leave my organisation right now because I have a sense of obligation to people in it") and C18 ("I owe a great deal to my organisation").

The values of CA and IIC are 0.8 and 0.4 respectively, indicating the existence of internal consistency. The mean value of the construct is 3.46 (SD = 1.025). This suggests that the participants generally perceive themselves to be neutral as it concerns the issue of normative commitment to the organisation. This is confirmed by the outcome of the one-sample t-test of this study with the values of  $t=6.802$ ,  $df=231$  and  $p<0.000$ .

Vandenberghe, Mignonac and Manville (2015:844) suggest that employees with high levels of normative commitment feel obliged to remain in the organisation in order to avoid feelings of guilt and anxiety or to satisfy the expectations of others. Liu, He and Yu (2017:86) opine that career growth may engender positive emotion towards the organisation and cause the employees to internalise it into related codes of conduct, such as normative commitments.

In this study, the neutral feeling of obligation towards the organisation could be an indication that the participants acknowledge and appreciate the investment made

by the organisation in their personal development, such as their career progression. However, they were also of the view that they are not obliged to remain in the organisation. It can be argued that they feel their needs are not aligned to those of the organisation. As a result, they opt to remain in the organisation, possibly for reasons not unrelated to job security.

## 6.6 Span of control

Span of control as a measure refers to the number of subordinates reporting to black top managers as per the organisational structure of each organisation. In this study, the range of subordinates who report to black top managers spanned from a minimum of 3 to a maximum of 44 subordinates.

Table 6.6: Span of control

	1-5	6-10	11-15	16-20	21+	Total
Number of managers	5	19	7	4	3	38
Number of respondents	18	86	58	41	29	232
Mean SoC	4.3	7.6	12.1	17.2	30.8	10.9
Min	3	6	11	16	21	3
Max	5	10	14	19	44	44

A high number of subordinates in some of the organisations exist as a result of the leaders who oversee more than one level of management within an organisational structure. Therefore, the figures indicate CEOs who manage a narrow span of control and those with a broader span of control. Table 6.6 indicates that of the 38 black top managers who were studied, 5 managers had a span of control of 1 – 5 with an average of 4 direct reports.

Similarly, 19 managers had a span of control of 6 – 10 with an average of 7 direct reports; 7 of the managers had a span of control of 11 – 15 with an average of 11 direct reports; only 4 managers had a span of control of 16 – 20 had a span of control with an average of 17 direct reports; 3 managers had a span of control of 21 and above with an average of 30 direct reports. Therefore, out of the 38 black top managers, the analysis indicated that the average span of control is 11.

Although there is no specific absolute size of span of control due to factors such as the size of the organisation, diversity function, level of hierarchy and task complexity (Shen, Zhong & Chen, 2016:61), research seems to be leaning towards the ratio of 15:1 as the ideal optimum span of control (Kim, 2016:997) and so it would seem that about 82% of black top managers in the studied SOEs fall within the optimal range.

Research has shown that a low span of control allows a close relationship between the manager and employees, which enables increased supervision, intensive coaching and feedback to direct reports (Meier & Bohte, 2000; Gitell, 2001). However, under this condition, employees may be too dependent on the manager, to the extent that they do not develop responsibility for their actions (Meier & Bohte, 2000:5).

The evidence gathered on the low span of control provided some indication that black top managers with a high span of control could be faced with complexities associated with forging better relationships with their staff. Bandiera, Prat, Sadun and Wulf (2014:15) specifically write that an increase in the number of direct reports results in top managers being involved in the various functions of the organisation and more centralised decision making.

Conversely, it has been observed by Gitell (2001:471) that managers with a high span of control are seen to enforce standards and rules, and have minimal interaction with direct reports, which, as a result, could affect employee commitment and performance.

In support of the observations made by Gitell (2001), the findings of Cathcart, Jeska, Karnas, Miller, Pechacek and Rheault (2004) in Canada show that as the span of control increases, the unit turnover rate increases. This finding potentially suggests that a high span of control has a negative effect on employee commitment. McComb, Goucher-Lambert and Kotovsky (2016:2), however, argue that a high span of control may be beneficial to the organisation when the team has a vast amount of experience and commensurate skills.

Nasrallah, Ouba, Yassine and Srouf (2015:297) observe that in the case of a high span of control, the relationships among employees tend to be more complex,

therefore requiring effective leadership. LePine, Piccolo, Jackson, Mathieu and Saul (2008:279) advise that due to a high span of control being prone to more linkages and motivation as well as coordination losses, role clarity and structure are required.

Arguably, it could be said that depending on the SOE environments and the leadership style of black top managers, the effect of a size of span of control as a moderator between leadership styles and employee commitment would be different.

## **6.7 Business performance**

Table 6.7 presents the performance scores of the work units of the top black managers studied as per their balance scorecards. The performance scores ranged between 32% and 106%, with the average being a value of 79.19%. Out of the 38 black top managers, 55% achieved a performance score rate that is above average, whilst 45% achieved a performance score that is below average. The Centre for Corporate Governance Africa (2012:13) states that an acceptable score according to the SOE Matrix should not necessarily be interpreted as an endorsement of all governance practices of a particular entity, but as an indication of the level of achievement of the overall strategic goals of the SOEs.

According to the directives of the Presidential Review Committee on State-owned Enterprises, the percentage for an acceptable level of performance is 50% (Centre for Corporate Governance Africa, 2012:3). Therefore, when compared to the scores of the SOEs who participated in this study, it was seen that the studied SOEs seemed to be achieving an acceptable level of performance. This implied that black top managers achieve targets set in their balance scorecards. Notably, the performance scores of black top managers in organisation 'A' were above 100%, which was an indication that black top managers in this SOE were exceeding the targets set in their balance scorecards.



Table 6.7: Performance scores of units led by black top managers

Organisation	Black Top Managers	Performance
A	BTM1	105.00%
	BTM2	104.00%
	BTM3	106.00%
B	BTM4	90.00%
C	BTM5	87,5%
D	BTM6	87.00%
	BTM7	89,20%
	BTM8	61.00%
	BTM9	91.00%
	BTM10	81.00%
E	BTM11	80,40%
F	BTM12	100.00%
G	BTM13	71.00%
H	BTM14	67,20%
I	BTM15	53.00%
J	BTM16	70.00%
	BTM17	73.00%
	BTM18	77.20%
K	BTM19	53.00%
L	BTM20	90,70%
M	BTM21	82.00%
	BTM22	103.00%
N	BTM23	90.00%
O	BTM24	65,80%
	BTM25	56.00%
	BTM26	76.00%
	BTM27	70.00%
P	BTM28	70.00%
Q	BTM29	100.00%
R	BTM30	90.00%
S	BTM31	94.00%
T	BTM32	80.00%
U	BTM33	32.00%
V	BTM34	73,80%
W	BTM35	93,40%
X	BTM36	72.00%
Y	BTM37	65.00%
Z	BTM38	91.00%

## 6.8 Bi-variate correlation analysis

In order to test the linear association between independent and dependent variables of this study, namely leadership styles, employee commitment and business performance, a bivariate analysis was conducted. The results, based on a two-tailed Pearson product moment correlation test, are presented in Table 6.8. For this test, the correlation co-efficient ( $r$ ) ranged from +1.0 to -1.0.

Where the value of  $r$  is +1.0, a perfect positive linear relationship exists between the variables; where the value of  $r$  is -1.0, there is a perfect inverse relationship between the variables and where  $r$  is 0, there is no correlation between the variables (Zikmund, 2000:511). The results of the test showed that the transformational leadership style demonstrated a statistically significant relationship of a positive nature with affective commitment ( $r = 0.42$ ,  $p = 0.000$ ), continuance commitment ( $r = 0.185$ ,  $p = 0.005$ ) and normative commitment ( $r = 0.40$ ,  $p = 0.000$ ).

For the transactional leadership style, Management by Exception (Active) did not show any statistically significant association with affective commitment ( $r = -0.04$ ,  $p = 0.504$ ), normative commitment ( $r = -0.04$ ,  $p = 0.530$ ) or continuance commitment ( $r = 0.10$ ,  $p = 0.125$ ). Instructively, the Management by Exception (Passive) facet of transactional leadership style displayed a significant correlation with affective commitment ( $r = -0.25$ ,  $p = 0.000$ ) and normative commitment ( $r = -0.19$ ,  $p = 0.005$ ). However, there was no significant relationship with continuance commitment ( $r = -0.08$ ,  $p = 0.202$ ). It is noteworthy to highlight that all of the relationships were, however, negative in nature.

As for the laissez-faire leadership style, the results showed that the variable correlates significantly with affective commitment ( $r = -0.36$ ,  $p = 0.000$ ) and normative commitment ( $r = -0.24$ ,  $p = 0.000$ ). These relationships, it is to be noted, were inverse in nature. The relationship with continuance commitment ( $r = -0.12$ ,  $p = 0.062$ ) was however not statistically significant at a 95% confidence level.

Furthermore, despite having expected that the independent variables would statistically correlate in a significant way with the dependent variable specified for

this study, namely business performance ( $p > 0.05$ ), the analysis of the data has shown that this correlation did not exist.

Table 6.8: Results of Bivariate Correlation analysis

		Transformational Leadership Style	Contingent reward	Management by Exception (Active)	Management by Exception (Passive)	Laissez-faire Leadership Style	Affective Commitment	Continuance commitment	Normative Commitment	Business Performance
Transformational Leadership Style	R	1								0.05
	p-value									0.494
Contingent reward	R	0.84	1							0.04
	p-value	0,000								0.551
Management by Exception (Active)	R	0.09	0.10	1						-0.01
	p-value	0.187	0.134							0.45
Management by Exception (Passive)	R	-0.61	-0.54	0.02	1					-0.08
	p-value	0.000	0.000	0.739						0.238
Laissez-faire	R	-0.68	-0.57	0.04	0.72	1				-0.08
	p-value	0.000	0.000	0.593	0.000					0.264
Affective	R	0.42	0.34	-0.04	-0.25	-0.36	1			0.17
	p-value	0.000	0.000	0.504	0,000	0.000				0.014
Continuance	R	0.18	0.16	0.10	-0.08	-0.12	0.35	1		-0.04
	p-value	0.005	0.018	0.125	0.202	0.062	0.000			0.516
Normative	R	0.40	0.35	0.04	-0.19	-0.24	0.58	0.41	1	0.04
	p-value	0.000	0.000	0.530	0.005	0.000	0.000	0.000		0.523

## 6.9 Multivariate analysis

The main aim of the study was to establish the inter-relationships between leadership styles, employee commitment types and business performance. As part of the effort, the employee commitment construct (affective commitment, continuance commitment, normative commitment) was also examined as a possible mediator of the relationship between leadership styles (transformational leadership style, transactional leadership style, laissez-faire leadership style) and business performance. Furthermore, the moderating role of span of control in the association of leadership style and employee commitment was also of interest to the study. The intention in this case, was specifically to determine if the span of

control moderates the relationship between leadership styles and employee commitment.

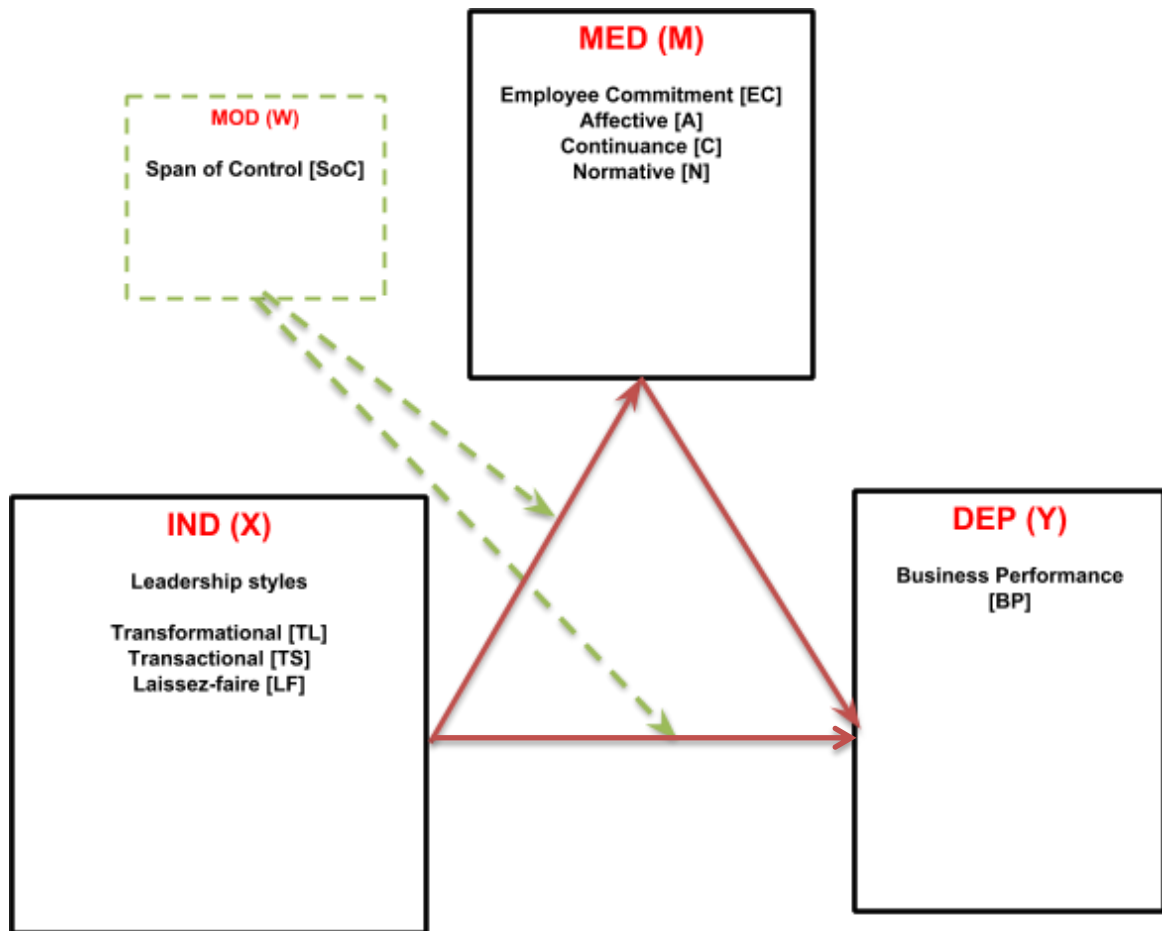


Figure 6.9: Moderated and mediated theoretical conceptual model

In addition to other statistical tools utilized to examine these inter-relationships, there was also recourse to multivariate assessment that allowed the effects of more than one variable to be considered, simultaneously. Figure 6.9 presents the study's conceptual model which depicts the relationships of interest including the mediating and moderating roles that are examined.

### 6.9.1 Regression analysis

The test results of the relationship between the study's independent and dependent variables are presented in Tables 6.9, 6.10 and 6.11 and the hypotheses were used to guide the analysis. The study was interested in determining whether or not there was a relationship between the studied leadership styles and employee

commitment. The critical assumptions underlying multiple regression analysis include the fact that:

- A sample size must be adequate for the regression analysis. This adequacy according to Tabachnick and Fidell (2007:123) means that the sample size must be more or equal to  $50 + 8m$  (where  $m$  = number of independent variables). Using this formula, the minimum recommended sample size for the current study would therefore have been  $50 + (8 \times 5) = 90$ . However a sample of 232 respondents was utilised which surpasses the recommended sample size.
- Variables to be tested must not demonstrate very high levels of correlation, a case of multicollinearity. Multicollinearity exists when the independent variables are highly correlated ( $r=0.9$  and above) with one another (Pallant, 2011:151). For this study, the independent variables did not display a high level of correlation with each other given that no correlation coefficients higher than 0.9 were realized when they were examined for multicollinearity.
- The distribution of the data obtained from respondents should resemble a normal distribution. According to Field (2009:45), sample size should be above 30 ( $n>30$ ) because the larger the absolute size of a sample, the more closely its data distribution will be to the normal distribution in accordance with the central limit theorem. The sample size of this study ( $n=232$ ) exceeds 30 and so the central limit theorem provision is deemed applicable.

While the study intended to report on the transactional leadership style as a single construct (similar to the transformational and laissez-faire leadership styles), when testing the hypotheses, it was no longer a feasible prospect. This was due to the fact that in the final measurement model for transactional leadership style (see Section 6.5.2) deemed suitable for this study; its three sub-constructs did not positively correlate with one another. Consequently, it became imperative to consider the relationships that components of transactional leadership bear with the dependent variable as opposed to the original study idea of aggregating these components into a single construct.

The decision was encouraged by the fact that the results of the bivariate analyses in Table 6.8, showed that no correlation exists between the three sub-constructs of the transactional leadership style. As such, it became necessary for the hypotheses of the transactional leadership style to be decomposed. This meant that instead of combining the facets of transactional leadership style, namely Contingent Reward, Management by Exception Active, and Management by Exception (Passive) in order to report on the transactional leadership hypothesis, they were reported individually as the representatives of the transactional leadership style.

#### **6.9.1.1 Leadership style and employee commitment**

An assessment of the relationship between the studied leadership styles and employee commitment was conducted in order to assess if the leadership styles employed by black top managers bears an association with employee commitment. The results are presented in Tables 6.9, 6.10 and 6.11.

Ng (2017:387) points out that the transformational leadership style promotes the affective commitment of employees. Glaso and Einarsen (2006:65) maintain that leadership is an emotional process and as a result the relationship between the leader and employees is charged with affective responses that ultimately influence the affective commitment shown to an organisation.

In the South African army, Mester, Visser, Roodt and Kellerman's (2003) study found a moderate relationship between transformational leadership and affective commitment. Mindful of the position in extant literature, the study hypothesised in a null form that:

*H<sub>40</sub>: There is no relationship between the transformational leadership style of black top managers and employees' affective commitment.*

Interestingly, the results presented in Table 6.9 showed that a significant relationship exists between transformational leadership style and affective commitment (Beta = 0.379,  $p = 0.003$ ). On the basis of these results, the null hypothesis was therefore rejected. This implied that in the environment of the SOEs studied, transformational leadership style as perceived to be displayed by

black top managers, correlates with the affective commitment of employees. Even though the results contrast with the findings of Yucel, McMillan and Richards (2014), they resonate with those of Demir (2017) in Turkey as well as Ejere and Abasilim (2013) in Nigeria, who also found an association between transformational leadership style and affective commitment.

Table 6.9: Leadership styles and affective commitment

	Unstandardized Coefficients		Standardized Coefficients			95,0% Confidence Interval for B	
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
(Constant)	2.676	.503		5.324	.000	1.685	3.666
Transformational Leadership Style	.424	.140	.379	3.024	.003	.148	.700
Transactional Leadership Style							
Contingent Reward	-.017	.120	-.016	-.138	.890	-.254	.220
Management by Exception (Active)	-.067	.057	-.071	-1.179	.240	-.180	.045
Management by Exception (Passive)	.110	.089	.110	1.235	.218	-.066	.286
Laissez-faire Leadership Style	-.183	.096	-.184	-1.913	.057	-.371	.006
a. Dependent Variable: Affective Commitment							

Leaders who employ contingent rewards in their leadership style provide followers with material and psychological rewards that are conditional to the fulfilment of contractual obligations (Lo, Ramayah & Songan, 2010:83). In the light of theories such as the leader-member exchange theory, social exchange theory and organisational justice theory, it is clear that rewards are personal and employees evaluate the value of rewards to determine if they are equitable or not (Ko & Hur, 2014:179). The implication is that the existence of the exchange relationship between the employees and the organisation, which is facilitated by the leader, does not guarantee that the employee would feel valued and become emotionally attached to the organisation. Thus, in the transactional leadership domain, the hypothesis of the study was that:

*H7.10: There is no relationship between the contingent reward facet of the transactional leadership style of black top managers and the affective commitment of their subordinates.*

As contained in Table 6.9, the results of the study revealed no statistically significant relationship between the contingent reward facet of the transactional leadership style and affective commitment (Beta = -0.160,  $p = 0.890$ ). Based on the results, the null hypothesis was accepted. The results contradict the finding of Kuvaas (2006) in Norway and Dawson, Irving, Sharma, Chirico and Marcus (2014) in Canada, whose studies suggest the existence of a relationship between the constructs of contingent reward and affective commitment.

Interestingly, it is in harmony with the findings of Valaei and Rezaei (2016) in Malaysia as well as Olafsen, Halvari, Forest and Deci (2015) in Canada who also found contingent rewards not to be associated with affective commitment. The results of the regression analysis therefore led the study to contend that black top managers' use of contingent rewards is not related to the affective commitment of the employees.

Leaders who employ Management by Exception (Active) as a facet of the transactional leadership style set objectives and performance standards and thereafter monitor employees' performance methodically and intervene when mistakes or problems occur (Yahaya & Ebrahim, 2016:193). According to Emery and Barker (2007:87), Management by Exception (Active) may be ineffectual when employees view it as micromanagement or disempowerment by the leader. For this reason, the study hypothesised that:

*H7.20: There is no relationship between the Management by Exception (Active) facet of the transactional leadership style of black top managers and the affective commitment of their subordinates.*

At a 95% confidence level, the results of the study shown in Table 6.9 revealed no statistically significant relationship between Management by Exception (Active) and affective commitment (Beta = -0.071,  $p = 0.240$ ). Based on this result, the null hypothesis was therefore accepted. This position is at variance with the findings of Nguni, Slegers and Denessen (2006) in Tanzania and Rowold and Rohmann



(2009) in Germany. The result, however, aligns with Mclaggan, Botha and Bezuidenhout's (2013) findings that in the South African work environment there is no association between Management by Exception (Active) and affective commitment of employees. In the specific context of this study, the practice of Management by Exception (Active) by black top managers in SOEs does not correlate with the affective commitment of their employees.

Management by Exception (Passive) is regarded as a non-leadership style (Sayadi, 2016:58). Lee (2005:658) argues that because these leaders display low initiative and participation with their followers they are not likely to invest effort to build a relationship with them and due to infrequent exchanges, the practice may have no ramifications for the affective commitment of employees. It was therefore hypothesised that:

*H7.30: There is no relationship between the Management by Exception (Passive) facet of the transactional leadership style of black top managers and the affective commitment of their subordinates*

The results of the study contained in Table 6.9 signalled the absence of a statistically significant relationship between Management by Exception (Passive) and affective commitment (Beta = 0.110,  $p=0.218$ ). This resonates with the findings of Reardon, Clinebell, Škudienė and Trijonyte (2013) in Lithuania as well as those of Limsila and Ogunlana (2008) in Thailand who found that no relationship exists between Management by Exception (Passive) and affective commitment. Therefore, with specific reference to the current study, it could be argued that the practice of Management by Exception (Passive) by black top managers in the studied SOEs bear no association with the affective commitment of their employees.

Leaders who display the laissez-faire leadership style provide complete freedom to the employees to make decisions in their work and therefore are not involved in their work units (Wongyanon, Wijaya & Soeaidy, 2015:78). The relationship with employees is not a priority because the leader assumes the employees can take care of themselves (Puni, Ofei & Okoe, 2014:179). Chaudry and Javed (2012:260) contend that the style does not motivate the employees to take extra effort. It is against this premise that the study opted to hypothesise that:

*H<sub>100</sub>: There is no relationship between the laissez-faire leadership style of black top managers and the affective commitment of their subordinates*

According to the results presented in Table 6.9, the laissez-faire leadership style bear no statistically significant relationship with affective commitment (Beta = - 0.184,  $p=0.057$ ). At a 95% confidence level, the null hypothesis was accepted. The result converges with the findings of Garg and Ramjee (2013) in South Africa and Bučiūnienė and Škudienė (2008) in Lithuania whose studies have also found that no relationship exists between the laissez-faire leadership style and affective commitment. The result of the bivariate analysis in this study also revealed that the perception is that black top managers do “not at all” display this leadership style (mean = 1.91, SD = 1.333). Therefore, it can be plausible that this is because the leadership style does not have any relationship with affective commitment.

Some effort was invested in establishing whether or not there is a relationship between the studied leadership styles and continuance commitment. Continuance commitment is determined by an employee’s decision to remain in the organisation, which is based on the comparison of the benefits of staying in the organisation and available external opportunities (Befekadu & Feleke, 2015:8). The results presented in Table 6.10 suggested that no statistically significant relationship exists between all the leadership styles and continuance commitment. This implied that employees do not remain in the organisation due to continuance commitment related to the leadership behaviour of their managers, but due to their evaluation of benefits inside and outside of the organisation.

As a result, the employees may not be motivated to put more effort in to achieve the goals of the organisation when they perceive internal benefits to be less than those offered by external organisations. When considering the characteristics of transformational leadership style, managers do not rely on the material benefits, but intangible objectives such as vision, shared values and ideas for the purpose of developing relationships with employees (Tabassi & Bakar, 2010:248).. In the light of the nature of this leadership style, for instance, it is unlikely that it would correlate with the continuance commitment of the employees, as found by this study.

Table 6.10: Leadership styles and continuance commitment

	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.665	.741		2.248	.026	.206	3.125
Transformational Leadership Style	.282	.206	.186	1.365	.174	-.125	.689
Transactional Leadership Style							
Contingent Reward	-.007	.177	-.005	-.041	.968	-.356	.342
Management by Exception (Active)	.109	.084	.086	1.298	.196	-.057	.275
Management by Exception (Passive)	.075	.132	.055	.572	.568	-.184	.334
Laissez-faire Leadership Style	-.057	.141	-.042	-.404	.686	-.335	.221
a. Dependent Variable: Continuance Commitment							

The contingent reward facet of the transactional leadership style is employed by managers who rely on favourable transactions with employees in order to meet both the employees' and organisational expectations (Judge & Piccolo, 2004:755). They provide employees with material and psychological rewards contingent on the realisation of contractual obligations (Lo, Ramayah & Min, 2009:134). Whilst public organisations strive to apply various tactics such as the performance-contingent rewards, fair treatment and extensive training and development programmes, they are continuously reacting to the increasing financial difficulties (Ko & Hur, 2014:176) and going by the findings of this study, the imperative is that all of these bear no relationship with continuance commitment of the employees in the SOEs studied. Also the reward system, in terms of monetary reward and promotion might also be out of control of these managers. The system might have been based on standardised salary and promotion criteria.

As for the Management by Exception (Active) facet of transactional leadership style, the managers closely monitor deviations and errors to maintain stability in the workplace (Moriano, Molero, Topa & Mangin, 2014:107). It is instructive to highlight that the Management by Exception (Passive) facet of the transactional

leadership style, which is similar to the laissez-faire leadership style and is typically considered a passive-avoidance leadership style because managers stay away from employees and do not intervene, except in the face of a problem that cannot be ignored (Ramachunder & Martins, 2014:8).

Due to continuance commitment being contingent upon the availability of the external opportunities (Meyer et al., 2002), it may be ambitious to expect the leadership behaviour to influence this type of commitment of the employees. Based on the arguments advanced, the study elected to hypothesise that:

*H6o: There is no relationship between the transformational leadership style of black top managers and the continuance commitment of employees.*

*H9.10: There is no relationship between the contingent reward facet of the transactional leadership style of black top managers and the continuance commitment of their subordinates.*

*H9.20: There is no relationship between the Management by Exception (Active) facet of the transactional leadership style of black top managers and the continuance commitment of their subordinates.*

*H9.30: There is no relationship between the Management by Exception (Passive) facet of the transactional leadership style of black top managers and the continuance commitment of their subordinates.*

*H120: There is no relationship between the laissez-faire leadership style of black top managers and the continuance commitment of their subordinates.*

The results presented in Table 6.10 indicate that no statistically significant relationship exists between transformational leadership style (Beta = 0.186,  $p = 0.174$ ), Contingent reward (Beta = -0.005,  $p = 0.968$ ), Management by Exception (Active) (Beta = 0.86,  $p = 0.196$ ), Management by Exception (Passive) (Beta = 0.055,  $p = 0.568$ ), laissez-faire leadership style (Beta = -0.042,  $p = 0.686$ ) and continuance commitment. On the basis of these results, all the null hypotheses were accepted.

The results are in support of Boezeman and Ellemers's (2007:772) opinion that continuance commitment is less likely to be affected by the behaviours of a leader because the commitment is calculative in nature. This implies that despite black top managers employing different incentives to retain employees, it may not have a considerable association with the employees' decision to remain in the organisation. It can therefore be argued that while employees may be interested in the benefits offered, it may not necessarily make employees loyal to the SOE.

The results of the test exploring the relationship between the leadership styles and normative commitment are presented in Table 6.11. Top managers serve in a unique organisational role that calls for them to effectively communicate a vision, establish shared goals and manage their executives (Resick, Whitman, Weingarden, & Hiller, 2009:1365).

The normative commitment emanates as a result of the employees having a sense of moral obligation to engage in actions that are beneficial to both the employee and the organisation (McCallum, Forret & Wolff, 2014:601). Also, employees may feel a sense of indebtedness, which stems from the benefits provided by the organisation that have resulted in positive social outcomes (such as prestige, approval, status and recognition), and this increases their normative commitment (Yucel, McMillan & Richard, 2014:1171).

Seemingly, normative commitment is triggered by management support and benefits gained from the organisation (He, Lai & Lu, 2011:203), which might not necessarily be accommodated by the leadership style provided. Thus, the study opted to hypothesise that:

*H<sub>50</sub>: There is no relationship between the transformational leadership style of black top managers and the normative commitment of their employees.*

When assessing the relationship, it was found that the transformational leadership has a statistically significant relationship with normative commitment (Beta = 0.472, p = 0.001). Based on these results, the null hypothesis of the study was rejected.

Table 6.11: Leadership styles and normative commitment

	Unstandardised Coefficients		Standardised Coefficients	95,0% Confidence Interval for B			
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
(Constant)	1.227	.535		2.294	.023	.173	2.281
Transformational Leadership Style	.500	.149	.427	3.353	.001	.206	.793
Transactional Leadership Style							
Contingent Reward	.042	.128	.037	.327	.744	-.210	.294
Management by Exception (Active)	-.001	.061	-.001	-.024	.981	-.121	.118
Management by Exception (Passive)	.098	.095	.094	1.036	.301	-.089	.286
Laissez-faire Leadership Style	.002	.102	.001	.015	.988	-.199	.202
a. Dependent Variable: Normative Commitment							

The results are at variance with the finding of Yucel, Macmillan and Richards (2014) in Turkey who found no correlation between transformational leadership style and normative commitment. However, the study builds on the findings of Ahiauzu and Asawo (2012) in Nigeria as well as Ramachandran and Krishnan (2009) in India and China who found that the relationship between transformational leadership and normative commitment exists. Consequently, it can be argued that the transformational leadership style displayed by black top managers has a relationship with the normative commitment of employees, in the specific context of this study.

According to Jabeen, Behery and Elain (2015:104), the transactional leadership style entails economic exchange between the organisation and its employees. Notably, the financial strain faced by organisations has forced them to shift focus from a patriarchal employer-employee relationship, where the employer takes care of the employees by providing them with upward mobility, job security and retirement benefits, to a stringent transactional employer-employee relationship, where there is far less job security and fewer provisions for retirement planning (Suazo & Stone-Romero, 2011). This implies that it becomes more challenging for managers who employ this leadership style to enhance the normative commitment of employees. It was on this account that the study hypothesised that:

*H<sub>8.10</sub>: There is no relationship between the contingent reward facet of transactional leadership style of black top managers and the normative commitment of their subordinates.*

*H<sub>8.20</sub>: There is no relationship between the Management by Exception (Active) facet of transactional leadership style of black top managers and the normative commitment of their subordinates.*

*H<sub>8.30</sub>: There is no relationship between the Management by Exception (Passive) facet of transactional leadership style of black top managers and the normative commitment of their subordinates.*

The results contained in Table 6.11, show the non-existence of statistically significant relationships between all the facets of the transactional leadership style and normative commitment of direct reports of top black managers. The beta values (with their level of significance) show that contingent reward has value of (Beta = 0.037,  $p = 0.744$ ), Management by Exception (Active) has value of (Beta = -0.001,  $p = 0.981$ ), Management by Exception (Passive) is (Beta = 0.094,  $p = 0.301$ ). On the basis of these findings, the transactional leadership normative commitment-related null hypotheses of the study were accepted.

The results differ from the findings of Reardon, Clinebell, Škudienė and Trijonyte (2013) in Lithuania as well as Waza and Hlanganipai (2014) in South Africa. However, the results are in agreement with the findings of Hayward, Goss and Tolmay (2004) as well as Mester, Visser, Roodt and Kellerman (2003) in South Africa. Essentially, it can be argued that there is no relationship between the components of the transactional leadership style displayed by black top managers and the normative commitment of the employees within the studied SOEs.

The laissez-faire leadership style is preferred by employees who value freedom and autonomy in the workplace (Cemaloğlu, Sezgin & Kılınç, 2012:60). In addition, Yang (2015:1247) states that this hands-off approach allows employees to feel respected and as a result influences employees' commitment to the organisation positively.

On the other hand, Buch, Martinsen and Kuvaas (2015:5) contend that the laissez-faire leadership style is impersonal and may reduce the emotional attachment of the employees to the organisation. Based on these different views it can be said that depending on the preference of employees, this leadership style could influence the social outcomes that enhance the normative commitment of employees. In spite of this, the study hypothesised that:

*H<sub>110</sub>: There is no relationship between the laissez-faire leadership style of black top managers and the normative commitment of their subordinates.*

As shown in Table 6.11, the result of the study revealed no relationship of statistical significance between the laissez-faire leadership style and normative commitment (Beta = -0.001,  $p = 0.988$ ). Consequently, the null hypothesis was accepted. This result contradicts the findings of Hussein and Da Costa (2008) in Canada as well as Silva and Mendis (2017) in the United States who found that a negative statistically significant relationship exists between the laissez-faire leadership style and normative commitment of the employees.

#### **6.9.1.1.1 Moderating role of the span of control**

In order to determine if span of control (SoC) has a moderating effect on the relationship between leadership styles and employee commitment, a moderated regression analysis was conducted. This entailed looking for the SoC conditions under which the relationship between the leadership style and employee commitment is strengthened or weakened. Testing for moderation takes account of testing for any variable that affects the association between two or more other variables (Dawson, 2014:1).

Williams, Gavin and Hartman (2004:329) state that the strength of the relationship between an independent variable and a dependent variable could be affected by the level of a third variable, which is the moderator. In this study, span of control was considered as the third variable. Testing of moderation was necessary to assess if the span of control plays any moderating role in the relationship between the leadership styles, employee commitment and business performance, as shown in Figure 6.9. Thereafter, there was an attempt to determine specific condition



under which the span of control, as the moderator, strengthens the identified relationships. Table 6.12 shows the relationship moderating role of span of control on the relationship between leadership styles, employee commitment and business performance.

Table 6.12: The moderating role of span of control on the relationship between leadership styles (X), employee commitment (M) and business performance (Y)

X	Moderator	Y	Sobel Effect (p-value)
Transformational Leadership Style	Span of Control	Affective	0.219
Contingent reward			0.328
Management by Exception (Active)			0.025
Management by Exception (Passive)			0.890
Laissez-faire Leadership Style			0.657
Transformational Leadership Style		Continuance	0.565
Contingent reward			0.556
Management by Exception (Active)			0.545
Management by Exception (Passive)			0.427
Laissez-faire Leadership Style			0.184
Transformational Leadership Style		Normative	0.805
Contingent reward			0.817
Management by Exception (Active)			0.562
Management by Exception (Passive)			0.754
Laissez-faire Leadership Style			0.104
Transformational Leadership Style		Business Performance	0.722
Contingent reward	0.696		
Management by Exception (Active)	0.227		
Management by Exception (Passive)	0.777		
Laissez-faire Leadership Style		0.898	

The results revealed that the moderating role of SoC is only statistically significant with respect to the relationship between the Management by Exception (Active) factor of transactional leadership style and affective commitment ( $p = 0.025$ ). Furthermore, test results of the moderation depicted in Table 6.13 indicate the effect of the slope X predicting M at different levels of the moderator (SoC). It can be seen that at low spans of control, correlation coefficients reflect a negative slope and as the span of control becomes high, the correlation coefficient turns into

positive. For example, where SoC = 3, the slope between X and M is negative ( $r = -0.1815$ ) and where SoC = 44, the slope is positive ( $r = 0.4028$ ). Table 6.13: The moderating effect of span of control on the relationship between Management by Exception (Active) and affective commitment At these points, it is important to emphasise that the relationship between the variables was statistically significant given the p-values of 0.04 and 0.05 associated with the extremes of the span of control. In effect, for black top managers in the studied SOEs whose practice of the Management by Exception (Active) facet of the transactional leadership style correlates with affective commitment of employees, a high span of control could be beneficial.

Table 6.13: The moderating effect of span of control on the relationship between Management by Exception (Active) and affective commitment

SoC	Effect (r)	Se	T	P
3.0000	-0.1815	0.0890	-2.0394	0.0426
4.1171	-0.1656	0.0840	-1.9704	0.0500
5.0500	-0.1523	0.0801	-1.9005	0.0586
7.1000	-0.1231	0.0725	-1.6973	0.0910
9.1500	-0.0939	0.0666	-1.4100	0.1599
11.2000	-0.0646	0.0628	-1.0298	0.3042
13.2500	-0.0354	0.0615	-0.5758	0.5653
15.3000	-0.0062	0.0630	-0.0987	0.9215
17.3500	0.0230	0.0670	0.3433	0.7317
19.4000	0.0522	0.0731	0.7143	0.4758
21.4500	0.0814	0.0808	1.0073	0.3149
23.5000	0.1106	0.0898	1.2322	0.2192
25.5500	0.1399	0.0996	1.4037	0.1618
27.6000	0.1691	0.1101	1.5352	0.1261
29.6500	0.1983	0.1211	1.6373	0.1029
31.7000	0.2275	0.1324	1.7178	0.0872
33.7500	0.2567	0.1441	1.7821	0.0761
35.8000	0.2859	0.1559	1.8344	0.0679
37.8500	0.3152	0.1679	1.8773	0.0618
39.9000	0.3444	0.1800	1.9131	0.0570
41.9500	0.3736	0.1922	1.9433	0.0532
44.0000	0.4028	0.2046	1.9690	0.0502

### 6.9.1.2 Leadership styles and business performance

Whatever leadership style is adopted by managers, it should have the ability to motivate the employees' behaviour and attitudes to put in extra effort, which subsequently will improve business performance (Asrar-ul-Haq & Kuchinke, 2016:55). In this study, the assessment was done to determine if the studied

leadership styles applied by black top managers have a relationship with business performance.

Leadership literature presents transformational leadership behaviour as the style that promotes a higher performance (Zehir, Sehitoglu & Erdogan, 2012:208). The transactional leadership style is characterised by rewards and punishment to gain maximum compliance from employees (Masadeh, Obeidat, & Tarhini, 2016:358). Wang, Oh, Courtright and Colbert (2011:224) are of the opinion that while transactional leadership may lead to expected performance, transformational leadership is likely to result in performance beyond expectations because the style challenges employees to go beyond the minimum. Curiously, Manaf and Latif (2014:653) argue that the transformational leadership style and performance have an indirect relationship that is mediated by different variables. Perhaps the same can be argued regarding transactional leadership and performance.

The laissez-faire leadership style, which equates to the absence of leadership (Zehir, Sehitonglou & Erdogan, 2012:208), creates a situation where the employees do not feel any pressure from the manager. Depending on how well the employee is qualified to perform assigned roles, a certain measure of employee satisfaction may crystallise from this situation. Conversely, Lim, Loo and Lee (2017:29) argue that this leadership style might result in an unruly environment. It is against this background that the study hypothesised that:

*H1o: The use of a transformational leadership style by a manager bears no association with business performance.*

*H2o: There is no relationship between the contingent reward facet of the transactional leadership style of black top managers and business performance*

*H2.1o: There is no relationship between the Management by Exception (Active) facet of the transactional leadership style of black top managers and business performance.*

*H<sub>2.20</sub>: There is no relationship between the Management by Exception (Passive) facet of the transactional leadership style of black top managers and business performance.*

*H<sub>30</sub>: The laissez-faire leadership style of a manager does not correlate with business performance.*

Table 6.14 presents the results of the relationship between the studied leadership styles and business performance. Strangely, the results showed that irrespective of the studied leadership style displayed by black top managers, no statistically significant association with business performance of the SOEs was identified. The results of the study showed that no *p*-values were indicative of a significant association between transformational leadership style (Beta = -0.014, *p* = 0.923), Contingent reward (Beta = -0.005, *p* = 0.972), Management by Exception (Active) (Beta = -0.010, *p* = 0.884), Management by Exception (Passive) (Beta = -0.059, *p* = 0.563), laissez-faire leadership style (Beta = -0.045, *p* = 0.676) and business performance.

Table 6.14: Leadership styles and business performance

	Unstandardised Coefficients		Standardised Coefficients	T	Sig.	95,0% Confidence Interval for B	
	B	Std. Error				Beta	Lower Bound
(Constant)	84,063	9,050		9,288	0,000	66,221	101,904
Transformational Leadership Style	-0,245	2,521	-0,014	-0,097	0,923	-5,215	4,725
Transactional Leadership Style							
Contingent Reward	-0,077	2,164	-0,005	-0,036	0,972	-4,344	4,190
Management by Exception (Active)	-0,151	1,036	-0,010	-0,145	0,884	-2,193	1,892
Management by Exception (Passive)	-0,941	1,623	-0,059	-0,580	0,563	-4,140	2,259
Laissez-faire Leadership Style	-0,721	1,726	-0,045	-0,418	0,676	-4,124	2,681
a. Dependent Variable: Business Performance							

On the basis of the results, all the null hypotheses of the study linking leadership styles to business performance were accepted. Consequently, it can be said that

irrespective of the leadership styles displayed by black top managers within the studied SOEs, they bear no association with business performance.

### 6.9.1.3 Employee commitment and business performance

The study assessed the relationships between employee commitment and business performance. The results are presented in Table 6.15. Shahid and Azhar (2013:250) posit that committed employees are an asset to the organisation because when the organisation experiences challenges, they often make an effort to make things work despite the weaknesses in the system. It is for this reason that organisations strive to find ways to ensure a high level of employee commitment.

Table 6.15 Employee commitment and business performance

	Unstandardised Coefficients		Standardised Coefficients Beta	T	Sig.	95,0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	71.219	4.462		15.962	0.000	62.424	80.015
Affective commitment	3.682	1.322	0.235	2.785	0.006	1.076	6.288
Continuance commitment	-1.220	0.871	-0.105	-1.401	0.163	-2.936	0.496
Normative commitment	-0.757	1.297	-0.051	-0.584	.560	-3.314	1.800
a. Dependent Variable: Business Performance							

Gill, Meyer, Lee, Shin and Yoon (2011:596) contend that in as much as employee commitment has been proven to positively relate to business performance, the strength of the relationship differs depending on the nature of commitment and the measure of performance. Based on the literature reviewed regarding employee commitment, the body of research uncovers various findings regarding how these three components of employee commitment (affective commitment, normative commitment and continuance commitment) influence business performance. Notwithstanding this, the study chose to hypothesis that:

*H<sub>130</sub>: There is no relationship between affective commitment and business performance.*

The test results of the study revealed that there is a statistically significant relationship between affective commitment and business performance (Beta = 0.235,  $p = 0.006$ ). Based on this result, the null hypothesis of the study was rejected. The result contradicts the findings of Khan (2015) in Bangladesh who found that affective commitment bears no association with employee performance. The study's finding is however in harmony with those of the studies of Memari, Mahdieh and Marnani (2013) in Iran as well as Hadziahmetovic and Dinc (2017) in Central and Eastern Europe that revealed the existence of a positive significant relationship between affective commitment and business performance.

The findings of this study add to the extreme body of valuable research, which supports the thought that employees who are affectively committed to organisations tend to exert extra effort in achieving higher business performance. Even though the result of the measurement of the affective commitment in the study of employees was shown to be "neutral" (mean = 3.77), the assessment of its relationship with business performance indicated a positive relationship.

As it pertains to normative commitment, the employee stays in the organisation despite available external opportunities due to the feeling of a sense of responsibility and liability for the investment made by the organisation in his/her career (Obeng & Ugboro, 2003:234). Therefore, the employee decides to remain in the organisation irrespective of his/her personal feelings regarding the available opportunities (Fischer & Mansell, 2009:1342). Meyer and Parfoyonova (2010:292) recommend that a high level of normative commitment can benefit organisations when it is based on moral obligation rather than when it is determined by indebtedness.

However, it may also be argued that the feeling of moral obligation does not necessarily mean that the employee is content and will contribute positively to the business performance. Cognisant of these arguments, the study elected to hypothesise that:

*H<sub>140</sub>: There is no relationship between normative commitment and business performance.*

The finding of the study revealed that no statistically significant relationship exists between normative commitment and business performance (Beta = -0.051,  $p = 0.560$ ). As such, the null hypothesis of the study was accepted. The result differs from the findings of Folorunso, Adewale and Abodunde (2014) in Nigeria as well as Al Zefeiti and Mohamad (2017) in Malaysia who found a positive relationship between normative commitment and business performance. Arguably, the non-existence of the relationship between normative commitment and business performance in the SOEs suggests that even though employees may be committed to the SOEs due to a moral obligation that emanates from the investments (extrinsic and/or intrinsic benefits) made in their career progression, this does not necessarily result in enhanced business performance.

With continuance commitment, employees remain in the organisation to avoid losing the benefits accumulated over the years within the organisation. This commitment has been referred to as “passive” commitment since employees may be forced to stay in the organisation due to a lack of viable alternatives (Khan, Naseem & Masood, 2016:143). Some research studies find this type of commitment to be unfavourable to business performance (Sinclair, Tucker, Cullen & Wright, 2005; Gong, Law, Chang & Xin, 2009). Taing, Granger, Groff, Jackson and Johnson (2011:281), however, contend that the continuance component of commitment may benefit the organisations where the employees are satisfied with the economic exchange relationship with the employer. In this case, employees are likely to put in more effort so as to maximise their reward payoffs.

When organisations are not able to deliver expected benefits, morale will tend to be low, leading to employees opting to detach themselves from the organisation. Dey, Kumar and Kumar (2014:285) aver that an environmental distinction may affect the relationship between continuance commitment and performance. Mindful of these opinions, the study opted to hypothesise that:

*H<sub>150</sub>: There is no relationship between continuance commitment and business performance.*

The results of the analysis indicated that no statistically significant relationship exists between commitment and business performance (Beta = -

0.105,  $p = 0.163$ ). Therefore, the null hypothesis of the study was accepted. Though the results of the study are at variance with the findings of Rafiei, Mohammad, Amini and Foroozandeh (2014) in Iran, they are however in agreement with the findings of Clarke (2006) in the UK. In the specific context of the SOEs studied, it may therefore be argued that due to a lack of similar available roles with the same benefits in the South African labour market, this could create a situation where employees may be complacent or feel trapped in their organisations. As a result, they may not necessarily put extra effort in their jobs and this compromises the business performance of the SOEs.

### 6.10 Testing for mediation

The aim of the next stage of analysis was to test if the mediator affects the independent variables' effects on the dependent variable. Hayes and Rockwood (2016:2) state that testing the direct relationship between the independent (X) and dependent variables (Y) (see Figure 6.10a) is not always sufficient.

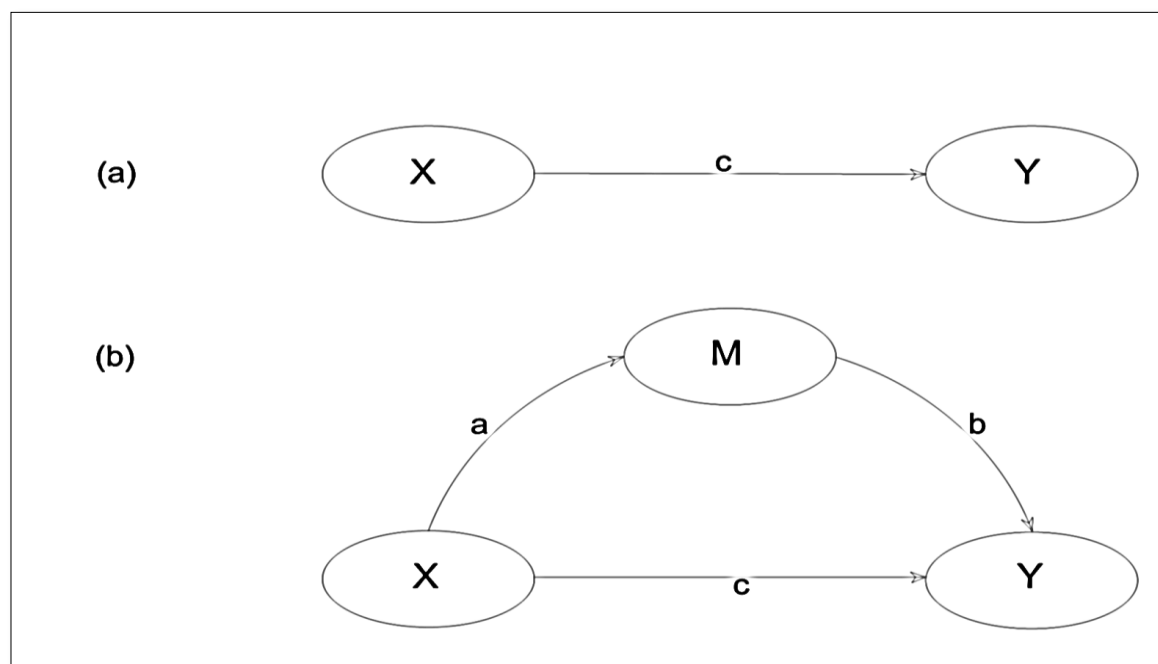


Figure 6.10: The mediation model

Baron and Kenny (1986) suggest that it may be preferable to test the relationship connecting the variables (X) and (Y) while concurrently recognising the role of a mediating variable as depicted in Figure 6.10b. This basically entails the testing of a hypothesised causal chain where one variable affects a second variable, which



in turn affects a third variable. In this study, the mediation test involved testing the causal chain relationship in path  $c$  – direct effect, and indirect effect ( $ab$ ), which additionally entailed testing if employee commitment mediates the relationship between leadership style and business performance, as depicted in Figure 6.10.

Hayes and Rockwood (2016:5) posit that the causal effect in a mediating model operates through more than one mechanism and this necessitates multiple testing in instances where the hypothesised relationships require a model with more than one single factor, as indicated in Figure 6.11.

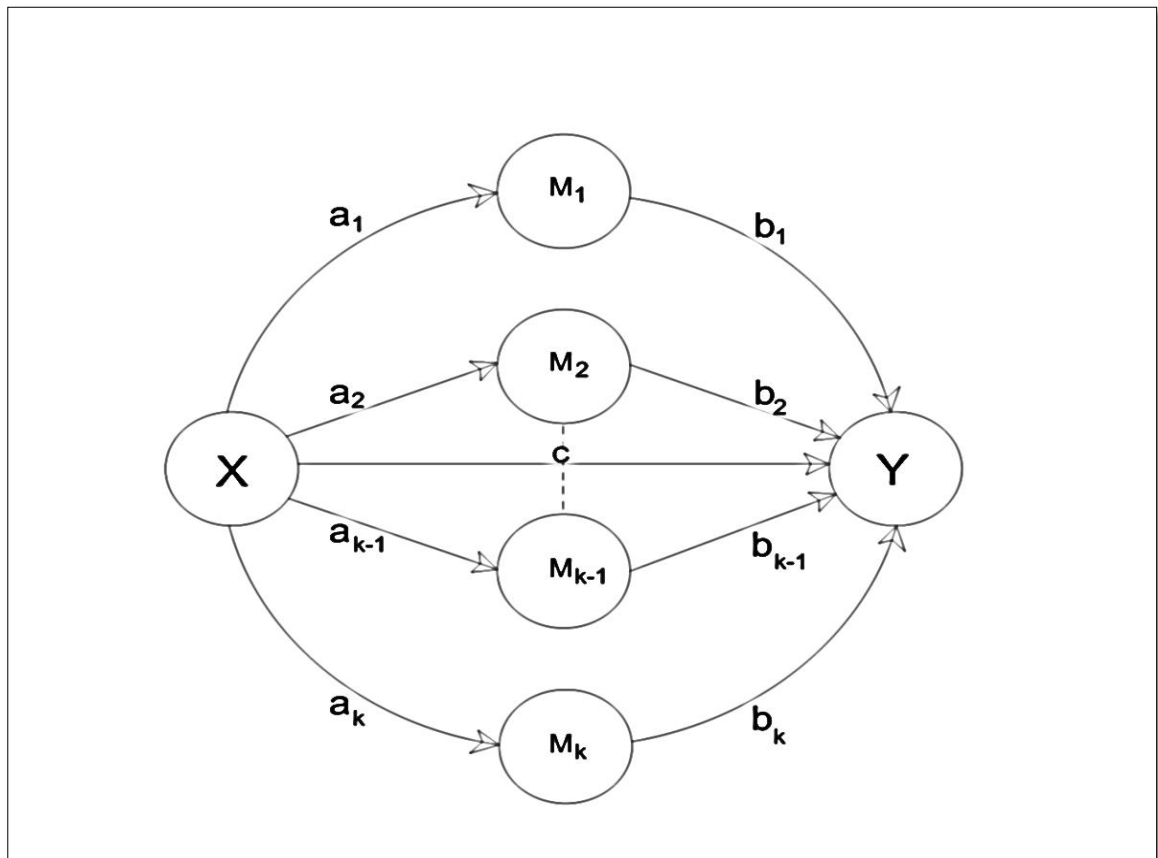


Figure 6.11: The multiple mediator model

As such, in this study, multiple testing involved testing the mediating role of the three types of employee commitment (affective commitment, normative commitment and continuance commitment) on the relationship between leadership styles and business performance.

The mediation test therefore addressed the study's intention to determine if the types of employee commitment play any mediating role in the relationship between

the leadership styles of black top managers and business performance. Table 6.16 reports the results of the analysis undertaken. The result indicates that at a 95% confidence level, there is a statistically significant mediating relationship between transformational leadership, affective commitment and business performance ( $p = 0.003$ ,  $r = 0.17$  and  $ab$  effect ( $p = 0.011$ )).

Table 6.16: The mediating effect of employee commitment on the relationship between leadership styles and business performance

X	Coefficient (p-value)	M	r	Y	Sobel Test Effect ab (p-value)
Transformational Leadership Style	.003	Affective	0,17	Business Performance	0,011
Contingent reward	.890				0,015
Management-by-Exception (Active)	.240				0,720
Management-by-Exception (Passive)	.218				0,034
Laissez-faire Leadership Style	.057				0,020
Transformational Leadership Style	.174	Continuance	-0,04		0,249
Contingent reward	.968				0,317
Management-by-Exception (Active)	.196				0,567
Management-by-Exception (Passive)	.568				0,338
Laissez-faire Leadership Style	.686				0,322
Transformational Leadership Style	.001	Normative	0,04		0,613
Contingent reward	.744				0,599
Management-by-Exception (Active)	.981				0,791
Management-by-Exception (Passive)	.301				0,573
Laissez-faire Leadership Style	.988				0,576

In other words, affective commitment mediates the relationship between transformational leadership style and business performance. Carmeli (2005:448) writes that employees feel a sense of self-worth in belonging to an organisation that subscribes to social values that resonate with their own and when this happens it strengthens their affective commitment to the organisation.

Notably, affective commitment does not mediate the relationship between the three facets of the transactional leadership style and business performance. At a 90% confidence level, there is significant relationship between the laissez-faire leadership style and business performance. Further, the *ab* results of  $p = 0.015$ ,  $p = 0.034$  and  $p = 0.020$  associated with the mediating role of affective commitment as it concerned the transactional leadership facets of Contingent Reward and Management by Exception-Passive and the laissez-faire leadership style respectively, signalled statistically significant mediated relationships.

The findings of this study show that for the case of the mediator of continuous commitment being present in the relationship between the studied leadership styles and employee commitment the associations were statistically insignificant. The situation is essentially the same for the relationship between the leadership styles, normative commitment, and business performance, for which no relationships of statistical significance were identified.

### **6.11 Summary**

The demographics of this study, namely gender, race, age and level of education, were presented to describe the characteristics of the study's participants. In addition, measurement models of the constructs were discussed to substantiate the process on how the final measurement model fit for this study was established.

The chapter also served to discuss the significant and non-significant relationships between the dependent and independent variables based on tests that

interrogated the relationship between leadership styles, employee commitment and business performance.

Furthermore, the chapter presented the results of the moderation analysis conducted to determine if span of control interferes in the relationship between leadership style and employee commitment. The chapter concludes with a discussion of the results obtained from interrogating the possible mediating role of the different types of employee commitment on the relationship between leadership style and business performance. The following chapter therefore provides a summary of the discussions of the previous chapters, so as to draw conclusion of the study.

## CHAPTER 7

# CONCLUSION

### 7.1 Introduction

The overall objective of conducting this study was to investigate the relationship between leadership styles, employee commitment and business performance of SOEs in South Africa. The aim was to provide insight on the predominant leadership styles employed by black top managers and the influence those styles may have on employee commitment and overall business performance. This chapter presents a summary of the main findings and conclusions of the study. The discussion is guided by the research objectives and research questions as set out at the beginning of the study and the findings presented in the previous chapter. The chapter, in addition, makes recommendations for SOEs and further highlights areas for future research.

### 7.2 Overview of descriptive statistics

The demographic characteristics of the respondents were handled through descriptive statistics. The characteristics were profiled according to gender, race, age and level of education. The respondent population consisted of 232 participants, of which 56% were men and 44% were women, who report directly to the black top managers who head organisational units in SOEs situated across the nine provinces of South Africa. The figures indicated a fairly balanced number of men and women who have participated in the study. The participants' age grouping and the respective percentages were: 21-30 at 3.4%; 31-40 at 24.6%; 41-50 at 43.1% and 50 and above at 28.9%.

It was evident thus that a high percentage of the participants fall within the adult group (35-64 years), which speaks to conventional career progression as one ages and accumulates experience within an organisation, given that the participants report directly to their top managers. In terms of race, the distributional spread indicated 62.1% Black, 21.6% White, 7.3% Coloured and 9.1% Indian people, showing that black people formed the majority of the respondent population.

The proportional distribution in terms of the highest education achieved showed 8.6% of the participants with only a matric certificate (National Senior Certificate), 19.4% with a diploma, and 72% with at least a bachelor's degree. This indicated that the majority of the participants are highly qualified and skilled in their field of expertise.

### **7.3 Measurement model**

The measurement models chosen for this study (MLQ and TCM) have been used extensively. Nonetheless, Henseler, Ringle and Sarstedt (2015:115) emphasise that it is imperative to assess measurement models prior to their use so as to ensure that they capture what the study intends to measure. Indeed, in this study, the measurement models were tested to determine their fitness for use. The assessment involved testing for convergent and discriminant validity. This was done by assessing the factor loading and assessing the average variance extracted (AVE), composite reliability (CR) and inter-item correlation (IIC).

The initial model, depicted in Figures 6.5, 6.6, 6.7 and 6.8, indicated poor model fit. The transformational leadership style measurement model indicated a high correlation, above 0.8, which showed low discriminant validity between the sub-constructs. As for the transactional leadership style, laissez-faire leadership style and employee commitment measurement model, some of the factor loadings were less than the recommended threshold of 0.5, which could affect the data analysis. Also, the fit indices, depicted in Table 6.1, indicated that the initial model was not fit for the study.

As a result, the measurement models had to be modified in order to meet the recommended thresholds. Due to a high correlation between the sub-constructs of transformational leadership, the construct's single-solution-factor was adopted and any factor loading of less than 0.5 was eliminated. Even though the factor loadings of the transactional leadership style were just above 0.5, the measurement model was retained as it has been utilised by a number of researchers and the variance in the factor loading did not affect the data analysis.

The final measurement model therefore presented a five-factor model that consists of Transformational Leadership, Contingent Reward, Management by Exception-

Active, Management by Exception-Passive and Laissez-faire Leadership. Since the study intended to report on leadership styles as single constructs respectively, it was not feasible to do so for the transactional leadership style. As a result, the construct had to be decomposed in order to establish and report on a transactional leadership relationship with dependent variables.

#### **7.4 Revisiting the research objectives**

The research objectives were formulated to describe the aims of this study. This was followed by the development of the research questions, which were constructed to guide the research process of the study.

##### **7.4.1 Research objective 1 / Question 1 revisited**

Research objective 1: To ascertain the prevalent leadership styles of black top managers in state-owned organisations, as perceived by employees.

Research question 1: What are the prevalent leadership styles of black top managers in state-owned organisations?

The entrance of black people into leadership positions in South African organisations simultaneously brought about concerns, which included whether or not they would be able to provide effective leadership (Kets de Vries, Sexton & Ellen, 2016:178). Researchers have previously undertaken to identify the preferred leadership style of employees (Lee, 2011:224) and have then considered the characteristics of black and white managers (Booyesen, 2000:4), which has led to them to making recommendations so as to inform the kind of leadership style that is required in order for black people to be successful in leadership positions. In general, the apprehension with regard to black people taking over leadership positions emanates from negative stereotypes attached to being black (Block, Aumann & Chelin, 2012:130) and the historical exclusion of black people from participating in management positions (Kriel, 2010:63).

On the other hand, there has been some expectation that black people and their entrance into management roles would bring about the formulation of new styles of leadership (Black & Geletkanycz, 2006:106). The expectation accompanies the growing interest in establishing and documenting an African leadership style that

takes into account the uniquely African aspect of race and culture. This background has inspired an interest in the ascertainment of the prevalent leadership style of black top managers in SOEs. In the light of this objective, it was essential for this study to ask what the prevalent leadership style of black top managers is. The study focused on three leadership styles, namely transformational leadership, transactional leadership and laissez-faire leadership.

In order to identify the predominant leadership styles of black top managers, descriptive statistics was used. The investigation indicated that black top managers “sometimes” display a transformational leadership style. It is also notable that the mean (3.77) was near to indicating that the participants agreed that black top managers “fairly often” display a transformational leadership style. The body of research on the topic reveals that in order for top managers to be successful, they need to exhibit a transformational leadership style (Colbert, Barrick & Bradley, 2014:382).

From this study, it can therefore be reported that the studied black top managers in SOEs are perceived to predominantly apply a transformational leadership style in the course of their work. In terms of the transactional leadership style, the results presented different results for each facet, namely Contingent Reward, Management by Exception (Active) and Management by Exception (Passive). Black top managers are further perceived to “sometimes” employ contingent reward (3.77) whilst employing Management by Exception (Active) “once in a while” (2.86), and “not at all” using Management by Exception (Passive) (1.96).

The aim of Objective 1 was to ascertain the prevalent leadership style of black top managers in SOEs. The analysis and the findings showed that amongst the three studied leadership styles, black top managers in SOEs mostly display a transformational leadership style, which is further coupled with a reliance on the contingent reward facet of transactional leadership style to influence their employees to exert effort in order to achieve organisational objectives. This answered Research question 1 and consequently it can be argued that Objective 1 of the study was realised.



#### **7.4.2 Research objective 2 / Question 2 revisited**

At the onset of the study, Research objective 2 was: To establish the nature of the relationship, if any, between the leadership styles of black top managers and employee commitment.

Research question 2 was stated as follows: Which leadership styles of black top managers are associated with specific types of employee commitment in SOEs?

Leadership is an essential aspect of management (Odumeru & Ifeanyi, 2013:355). This is because it is part of a process of being influenced, which results in employees voluntarily committing to exert effort in working towards the achievement of the strategic goals of the organisation. The influencing process occurs within the psychological contract between the employee and the organisation, which involves satisfying the needs of both parties. The challenge of ensuring the effectiveness of the contract, however, is that without satisfying the needs of the employees, it becomes challenging for managers to get their employees to commit.

Similarly, the leadership process involves a social exchange relationship that happens between the organisation and the employees (Fazio, Gong, Sims & Yurova, 2017:513). This process is congruent with the Leader-Member Exchange (LMX) theory, which highlights the dependency of employees who need to be provided with effective leadership that satisfies their needs. According to Lo, Ramayah, Min and Songan (2010:83), LMX emphasises the reciprocal influence processes within vertical manager-employee dyads where the manager has direct authority over his/her employees.

In the context of this study, this means that in order to provide effective leadership to employees and SOEs, black top managers are expected to provide the relevant leadership styles that satisfy the needs of their employees in order to gain their commitment, which can be used as a lever to achieve the goals of the organisation. Fu and Deshpande (2014:346), who conducted a study on the impact of a caring climate, job satisfaction and employee commitment on job performance in China, conclude that employees feel more committed to their organisation and are motivated to exert effort in their performance if they feel a sense of shared values

with an employer who shows concern for them. It is for this reason that the satisfaction of an employee's needs can be said to be linked with an employee's commitment to an organisation.

Purvis, Zagenczyk and McCray (2015:3) write that the motivation of the employee depends on the degree to which effort is perceived to lead to performance, performance leads to rewards, and the rewards offered are desirable. This is in line with Vroom's expectancy theory that individuals are prepared to put in more effort if there is an attractive outcome in return (Shinnar, Hsu & Powell, 2014:123).

Given that employees' preferences vary; each component of commitment is likely to differ depending on the situation that the employee finds him/herself in. This is in line with the proposition of behavioural and situational leadership theories that uphold the importance of an assessment of the environment prior to deciding on the application of a specific leadership style (Landis, Hill & Harvey, 2014:99). This implies that the commitment of the employees in the SOEs is determined by the extent to which they are receptive to the leadership style employed by black top managers.

Hence after identifying the leadership styles of black top managers in SOEs, the second objective of the study involved establishing the nature of the relationship, if any, between the leadership styles of black top managers and employee commitment. In this study, employee commitment includes three components of commitment, namely affective commitment, normative commitment and continuous commitment. In order to achieve this objective, it was essential to ask which leadership styles employed by black top managers are associated with these components of employees' commitment within the studied SOEs.

#### **7.4.2.1 Transformational leadership style and employee commitment**

Transformational leadership has been commended by a number of researchers for its positive impact on employee commitment (Njoroge, Gachunga, & Kihoro, 2015; Noraazian & Khalip, 2016). However, the argument is that the style cannot be authoritatively prescribed as being effective in all circumstances, especially in a non-Western environment where the amount of research is not as established as in the Western world. For instance, Walumbwa, Orwa, Wang and Lawler

(2005:236) argue that the accumulated evidence on the effect of transformational leadership and affective commitment has been confirmed as an effective leadership style by the majority of research in the Western world as opposed to the developing world.

It is instructive to note that there are certain factors other than leadership styles that have an impact on affective commitment. McCormick and Donohue (2016:3) state that the experiences incurred by employees during their tenure within an organisation influence their affective commitment. Lesabe and Nkosi (2007:38) also note that career growth opportunities are drivers of affective commitment. Furthermore, in the study of Hadziahmetovic and Dinc (2017:120), it was reported that working conditions, promotional opportunities and role clarity have a significant impact on affective commitment. Against this backdrop it is apparent that the use of a transformational leadership style by black top managers plays a contributory role to the level of affective commitment of employees in SOEs.

The relationship between a transformational leadership style and normative commitment has also attracted research attention. While some studies have revealed that a relationship exists (Freeborough, 2012; Yucel et al., 2014; Gillet & Vandenberghe, 2014) between the two constructs, others insist that such a relationship does not exist (Ramachandran & Krishnan, 2009). In the same vein, the studies focused on the relationship between transformational leadership style and continuance commitment have yielded conflicting results. This perhaps underlines the importance of context in studies of this nature. The discordance in findings in extant literature paved the way for the current study to hypothesise that:

*H<sub>40</sub>: There is no relationship between the transformational style of black top managers and affective commitment.*

*H<sub>50</sub>: There is no relationship between the transformational style of black top managers and normative commitment.*

*H<sub>60</sub>: There is no relationship between the transformational style of black top managers and continuance commitment.*

The bivariate correlation tests and regression analysis revealed the existence of a positive statistically significant relationship between the transformational leadership style and both affective commitment and normative commitment. While the bivariate analysis results showed that the transformational leadership style also positively and significantly correlated with continuance commitment, the results of the regression analysis revealed that no statistically significant relationship exists between these constructs. The study relied on the more conclusive regression analysis results to reject  $H_{40}$  and  $H_{50}$  and accept  $H_{60}$ .

These results contradict the findings of Al Zefeiti and Mohamad (2017) in Omani government organisations in Malaysia, who found that transformational leadership style has a significant relationship with all the components of employee commitment. According to Lo, Ramayah, Run and Ling (2009:25) (2009:25), the Malaysian managers' leadership behaviours are reinforced by cultural and religious values, beliefs and attitudes, which results in them not placing their own interest ahead of the group.

The non-existence of a significant relationship between the transformational leadership style and continuance commitment found in this study may, in a South African context, be as a result of employees opting to stay in SOEs because they do not have viable alternatives. Lack of alternatives, as evidenced by the high unemployment rate (27.7%), may further be compounded by the type of benefits and packages received in SOEs and the job functions being performed not being in alignment with similar roles found in the private sector. This means that competencies developed by the top black managers in the SOEs may be of immense value within an SOE context, but not necessarily so in the context of the private sector.

The implication of this could be that due to their unique positions these employees may not have what it takes to compete in a universal labour market. As such, the preference of the employees may be to remain in the SOEs and enjoy the comfort of job security and work benefits. It is nonetheless important to recognise that the downside of such a decision could be dire because when employees feel stuck, their default mode is to do only what is required of them, majorly for the sake of compliance. If this becomes the case, then chances of these employees stagnating

in their roles and creating a blockage for the development and progression of new talent that may possibly contribute to the improvement and sustainability of business performance in the SOEs, are amplified.

Given that the study established the existence of a significant relationship of a positive nature between the transformational leadership style and affective commitment as well as normative commitment, it may be beneficial to the SOEs if the black top managers adopt and display this style of leadership, much more than they are currently doing. The argument for a more frequent and profound expression of the transformational leadership style by black top managers in SOEs is helped by the countrywide positive perception of the notion of ubuntu as a principle. This principle embodies a humane orientation and is built on the premise of collectivism over individualism.

Amongst the leadership styles studied, the transformational leadership style is unarguably the one that shares common ideals with the ubuntu philosophy. Consequently, given that the black top managers may have come from communities that almost traditionally/culturally subscribe to the ubuntu approach, the tenets of transformational leadership are unlikely to be alien to black top managers and this would undoubtedly increase the ease with which the style can be applied in SOEs.

On the other hand, given that employees are conversant and possibly comfortable with the idea of ubuntu (and by extension, transformational leadership), are likely to respond more positively to it. This perhaps explains to some extent the coincidence of the transformational leadership style of black top managers, particularly, with the affective commitment of employees. A further element of being rooted in the principles of ubuntu for black top managers can be found in their appreciation of the shared values, norms and beliefs of the backgrounds of their subordinates. This enables black top managers in SOEs to connect with their employees in a more innate way. This connection is likely to have ramifications for the employee's emotional connection to the SOE and this is possibly reflected in both the normative and affective commitment of employees.

#### **7.4.2.2 Transactional leadership style and employee commitment**

The transactional leadership style focuses on the role and task requirements, and uses a reward and punishment system to influence employees to put effort into the achievement of organisational goals (Zareen, Razzaq & Mujtaba, 2015:534). The behaviours associated with a transactional leadership style include using rewards as an exchange for meeting contractual obligations (Contingent Reward), managers setting the performance standards and ensuring they are achieved either through tracking and monitoring performance (Management by Exception – Active) or leaving the employees to work independently without management intervention, except when there are deviations that cannot be ignored (Management by Exception – Passive) (Lo, Ramayah & Min, 2009:134).

The relationship between the transactional leadership style and employee commitment has drawn some interest from researchers, with conflicting results. For instance, while the study of Ali, Jan, Ali and Taliq (2014) indicates that a positive relationship exists between the transactional leadership style and employee commitment, the study of Lee (2005) revealed that no relationship exists between the variables. The disharmony in research findings therefore implies that results in other environments cannot be relied upon to infer the nature of the relationship that might exist between the variables in the specific case of black top managers in SOEs in South Africa. Consequently, the current study elected to hypothesise in the null form that:

*H<sub>7.10</sub>: There is no relationship between the contingent reward facet of the transactional leadership style of black top managers and the affective commitment of their subordinates.*

*H<sub>7.20</sub>: There is no relationship between the Management by Exception (Active) facet of the transactional leadership style of black top managers and the affective commitment of their subordinates.*

*H<sub>7.30</sub>: There is no relationship between the Management by Exception (Passive) facet of the transactional leadership style of black top managers and the affective commitment of their subordinates.*

*H<sub>8.10</sub>: There is no relationship between the contingent reward facet of the transactional leadership style of black top managers and the normative commitment of their subordinates.*

*H<sub>8.20</sub>: There is no relationship between the Management by Exception (Active) facet of the transactional leadership style of black top managers and the normative commitment of their subordinates.*

*H<sub>8.30</sub>: There is no relationship between the Management by Exception (Passive) facet of the transactional leadership style of black top managers and the normative commitment of their subordinates.*

*H<sub>9.10</sub>: There is no relationship between the contingent reward facet of the transactional leadership style of black top managers and continuance commitment of their subordinates.*

*H<sub>9.20</sub>: There is no relationship between the Management by Exception (Active) facet of the transactional leadership style of black top managers and the continuance commitment of their subordinates.*

*H<sub>9.30</sub>: There is no relationship between the Management by Exception (Passive) facet of the transactional leadership style of black top managers and the continuance commitment of their subordinates.*

Bivariate correlation analysis and regression analysis were utilised to test each of the hypotheses linking facets of the transactional leadership style to the three types of employee commitment. The results obtained from the correlation analysis pointed to the existence of a relationship between the contingent reward and the three types of employee commitment. For Management by Exception (Active), no statistically significant relationship was found with affective commitment, normative commitment or continuance commitment. Notably, Management by Exception (Passive) showed a negative statistically significant relationship with affective commitment and normative commitment. There was, however, no significant relationship with continuance commitment.

Interestingly, the results of the regression analysis showed that no statistically significant relationship exists between all the facets of transactional leadership

style and affective, normative as well as continuance commitment. Based primarily on the results of the regression analysis, all of the null hypotheses with the facets of the transactional leadership style and different types of employee commitment (*H7.10, H7.20, H7.30, H8.10, H8.20, H8.30, H9.10, H9.20, and H9.30*) were accepted.

Given that all the facets of the transactional leadership style showed no statistically significant relationship with any of the three types of employee commitment, the study's position is that there is no statistically significant relationship between the transactional leadership style and employee commitment. In the specific context of the SOEs in the study, this finding implies that the commitment of the employees is unrelated to any transactional leadership behaviour demonstrated by black top managers.

This is possibly the case because these employees are of a reasonably high standing in the organisation and so their levels of commitment may have been nurtured and cultured by their individual work experiences over time. Furthermore, the characteristic temporary nature of transactional leadership behaviours means that their ramifications for a profound and psychological issue such as employee commitment, especially for high-ranking employees, become trivial. In essence, this study contends that the employee commitment of occupants of the higher echelons of organisational architecture in the SOEs studied may be associated with factors other than the transactional leadership behaviours of black top managers.

#### **7.4.2.3 Laissez-faire leadership and employee commitment**

The laissez-faire leadership style is considered as "no leadership" due to managers who display this style not being involved in the work of their employees (Rothfelder, Ottenbacher & Harrington, 2012:206). By not getting involved in the work of their employees, it has been highlighted by some researchers that the behaviour is destructive and lowers the moral of employees (Aasland, Skogstad, Notelaers, Nielsen & Einarsen, 2010:448). On the basis of this school of thought, it is not plausible to expect the leadership to influence the employee commitment positively.



In contrast to this view, authors such as Chaudhry and Javed (2012:259) argue that the style may be appreciated by employees who are experts in their fields. This view is supported by the study of Sorenson (2000) who found that a positive relationship exists between the variables of a laissez-faire leadership style and employee commitment. However, influenced by the fact that a larger body of extant literature points to the non-existence of a relationship between these variables, this study hypothesised that:

*H<sub>100</sub>: There is no relationship between the laissez-faire leadership style of black top managers and the affective commitment of their subordinates.*

*H<sub>110</sub>: There is no relationship between the laissez-faire leadership style of black top managers and the normative commitment of their subordinates.*

*H<sub>120</sub>: There is no relationship between the laissez-faire leadership style of black top managers and the continuance commitment of their subordinates.*

Bivariate correlation analysis for the laissez-faire leadership style indicated that it bears a statistically significant but negative relationship with affective commitment and normative commitment, whereas the relationship with continuance commitment was not statistically significant. Regression analysis results suggested that no statistically significant relationship exists between the laissez-faire leadership style and affective commitment, normative commitment and indeed continuance commitment. Consequently, the null hypotheses formulated for the laissez-faire leadership style and employee commitment-(H<sub>100</sub>, H<sub>110</sub>, and H<sub>120</sub>) were accepted.

The absence of a relationship between the laissez-faire leadership style and employee commitment in SOEs is understandable. This finding can be appreciated against the backdrop of the fact that the very nature of a laissez-faire leadership style is that there is hardly any guidance provided by the black top manager to his/her employees, which signals the absence of interference in the work of employees in the work unit. This is perhaps possible because the unique context of South African SOEs is such that the hierarchical structure is characterised by stringent rules and regulations often documented as part of the policies and standard operating procedures of the SOE. In the light of this, there may be a

higher level of interaction between work unit employees with such documents, as opposed to black top managers, owing to the highly bureaucratic nature of the SOEs.

The implication of operating in an environment of this nature creates automatic restraints on employees, while encouraging autonomous operations. The fewer interactions and the usual recourse to documented procedures imply less dependence on the black top managers by their employees and this diminishes the chances of the work-related emotional state of the employees being associated with the “non-existent” laissez-faire leadership style. It is partially in this light that the absence of a relationship between the laissez-faire leadership style and employee commitment appears reasonable.

The study’s second objective was to establish if there is any relationship between the leadership styles of black top managers and employee commitment. The findings are that there is a statistically significant association between the transformational leadership style displayed by black top managers and the affective commitment and normative commitment of their subordinates. However, the transformational leadership style bore no significant relationship with the continuance commitment of the employees. Furthermore, the study found that all facets of the transactional leadership style as well as the laissez-faire leadership style displayed no association with affective commitment, normative commitment and continuance commitment. In the light of these findings, Research question 2 was answered and the second objective of the study realised.

#### **7.4.3 Research objective 3 / Question 3 revisited**

Research objective 3 was to determine:

If a relationship exists between leadership styles of black top managers and the performance of their work units.

In pursuit of the objective, it was pertinent to try and find the answer to the question:

Is there a link between leadership styles of black top managers in SOEs and business performance?

The business performance of the organisation serves as a measure to determine the effectiveness of managers who are tasked with the responsibility of ensuring that the objectives of their organisations or work units are met. Against this backdrop, it was therefore not sufficient to only identify the leadership styles of black top managers in SOEs. So, the study proceeded to explore the association, if any, between the identified leadership styles and employee performance.

This quest was embodied in the third objective that aimed to establish if a relationship exists between the leadership styles of black top managers and the performance of their work units. In pursuit of the objective, the study posed the question: Is there a link between the leadership styles of black top managers in SOEs and business performance?

Scholarly thoughts stemming from the behavioural and situational leadership typically suggests that the fitness and the effectiveness of a leadership style are largely dependent on the idiosyncrasies of the environment. This is perhaps why the study of Basri, Rashid, Abashah and Sanah (2017) found that a relationship between transactional leadership and business performance exists, while Iscan, Ersari and Naktiyok (2014) found that such a relationship does not exist. Similarly, while Aziz, Abdullah, Tajudin and Mahmood (2013) found that a relationship between transformational leadership style and business performance exists, Obiwuru, Okwu, Akpa and Nwankere (2011) found that the relationship does not exist.

Furthermore, with respect to the laissez-faire leadership style, though much of extant literature points to the non-existence of a relationship between the leadership style and business performance (see Koech & Namusonge, 2012; Long, 2014), there are nonetheless some that contend that a relationship between the two variables actually exists (see Wongyanon, Wijaya & Soeaidy, 2015; Wahab, Rahmat, Yusof, & Mohamed, 2016; Nazim, Saeed, Sharif & Ahmed, 2017). The apparent discordance in scholarly opinions premised on a focus on the relationship (or otherwise) between leadership style and business performance provided some impetus for the study to elect to hypothesise, in the null form, that:

*H<sub>10</sub>: The use of a transformational leadership style by a manager bears no association with business performance.*

*H<sub>20</sub>: There is no relationship between a manager's display of the transactional leadership style and business performance.*

*H<sub>30</sub>: The laissez-faire leadership style of a manager does not correlate with business performance.*

Bivariate correlation analysis revealed no significant relationship between independent variable of transformational leadership style and the dependent variable of business performance. Similarly, facets of the transactional leadership style – Contingent Reward, Management by Exception (Active), Management by Exception (Passive) as well as laissez-faire leadership – bear no statistically significant relationship with business performance. Interestingly, all of the bivariate analysis results synchronised with those obtained through a regression. The findings are curious and are at variance with the results of the work of Koech and Namusonge (2012) conducted among SOEs in Kenya, where it was found that there are relationships between the transformational leadership style, contingent reward and management by exception (active) and the dependent variable of business performance. Also, Wongyanon, Mardiyono and Soceaidy (2015), who conducted a study in the public sector of Thailand, found a relationship between the three leadership styles (transactional leadership style, transformational leadership style, laissez-faire leadership style) and business performance.

The results of this study highlighted the fact that irrespective of the leadership style (transformational leadership style, transactional leadership style and laissez-faire leadership style) applied by black top managers, it bears no association with the business performance of SOEs. It may be argued that it is as a result of SOEs having established business systems, processes, and standard operating procedures that are embedded in the organisation and also due to the continuous engagement of experienced employees, particularly at high levels.

This may explain why in certain instances, notwithstanding the organisations having witnessed the frequent rotation of the top management, the business performance of the SOEs tends to be largely consistent. Plausibly, the leadership

styles employed by black top managers will be of more palpable consequence when and if the external environment of the SOEs begins to present new challenges, which will require substantial organisational adaptation and the implementation of new standards as precursors of sustainable business performance.

The third objective of the study sought to establish if there is a relationship between the leadership style and business performance. Surprisingly, the results indicated that the leadership styles employed by black top managers do not have statistically significant relationships with the business performance of the SOEs. This position answered the related Research question 3 and concurrently reflected the study's achievement of Research objective 3.

#### **7.4.4 Research objective 4 / Question 4 revisited**

Part of the mission of the study was to address Objective 4 by seeking out the answer(s) to Research question 4.

Research objective 4 was to explore the relationship, if any, between types of employee commitment and business performance. In order to address this, it was pertinent to pose research question 4 that asked for which specific types of employee commitment translate to improved business performance.

For an organisation to be effective and productive, the organisation needs employees who are willing to remain in the organisation and exert extra effort to accomplish organisational goals (Lim, Loo & Lee, 2017:30). This is because employees have been recognised as an important asset to an organisation. Irefin and Mechanic (2014:38) as well as Atmojo (2014:113) advocate that employee commitment improves business performance. Due to employee commitment being multifaceted, the literature reviewed clearly indicates that in certain instances or environments each component's relationship with business performance varies. Hence, the fourth objective of this study was aimed at further establishing the relationship, if any, between the types of employee commitment and business performance. In order to satisfy this objective, it was essential to specifically ask: Which types of employee commitment are associated with business performance?

Osman, Sarip and Arif (2017:8) posit that employees with a higher level of affective commitment generate a better workplace environment, overcome low performance problems, and improve ways to achieve organisational goals. In support, Fazio, Gong, Sim and Yurova (2017:515) state that with low affective commitment the employee is not likely to strive for better job performance. These views are supported by the findings of Pradhan and Pradhan's (2015) study in India, which found a significant relationship between affective commitment and business performance. On the other hand, some authors, such as Sirin, Bilir and Karademir (2013), hold a different view based on different findings, which revealed no relationship between affective commitment and business performance.

In their comparative analysis of the three dimensions of employee commitment, Khan et al. (2010) found a positive relationship between normative commitment and performance. As for continuance commitment, researchers (see Suliman and Iles, 2000; Gill, Meyer, Lee, Shin & Yoon, 2011; Panaccio, Vandenberghe & Ayed, 2014) argue that this component needs to be encouraged because if it is low, it has a negative impact on business performance. The aforementioned diverse opinions on the relationship between employee commitment and business performance that reflect incongruence in extant literature inspired the following hypotheses of the study:

*H<sub>130</sub>: There is no relationship between affective commitment and business performance.*

*H<sub>140</sub>: There is no relationship between normative commitment and business performance.*

*H<sub>150</sub>: There is no relationship between continuance commitment and business performance.*

In order to test the relationship between employee commitment and business performance, bivariate correlation analysis and regression analysis methods were utilised. The results of the bivariate analysis revealed that a statistically significant relationship between affective commitment and business performance exists. However, continuance commitment and normative commitment showed no statistically significant relationship with business performance. Interestingly, these

results were in harmony with those of the regression analysis. As a result, the null hypothesis  $H_{130}$  was rejected, while  $H_{140}$  and  $H_{150}$  were accepted.

These findings are at variance with the results of studies by Sirin, Bilir and Karademir (2013) who found no significant relationship between affective commitment and business performance; Al Zefeiti and Mohamad (2017) who found a significant relationship with normative commitment and business performance; and Rafiej, Amini and Foroozandeh (2014) who found a significant relationship between continuance commitment and business performance.

As it relates to the non-existent relationship between normative commitment and business performance, it is advanced that the investment made by an SOE in an employee and his/her subsequent normative commitment relies on a continuous re-evaluation of the value congruency between employee and organisation. Where the employee believes that the value proposition has depreciated in his/her career progression he/she will simultaneously begin to show lower levels of normative commitment. This depreciation of value may occur through a lack of contribution to the business performance of an organisation.

The results further indicated that there is no relationship between continuance commitment and business performance, which may be as a result of the “neutral” score obtained in the cohort of respondents when continuance commitment was measured. This “neutrality” may be due to the employees being comfortable in their roles or the benefits currently offered by the SOEs and therefore not exerting more effort in their performance but only comply with their contractual obligation so as to keep their employment status.

Given that normative and continuance commitment have already been shown not to bear any association typically with the leadership styles of black top managers in SOEs, it was unsurprising that both types of commitment, according to the results of this study, also bore no association with business performance. The reasoning here is that black top managers ultimately take the responsibility for business performance and are likely to act, leadership-wise, in a manner that lends itself to the achievement of expected levels of business performance influencing their employees in certain ways.

Essentially, black top managers are agents of the SOEs, acting principally as catalysts for organisational performance. This means that positive behavioural responses of employees to the leadership styles of black top managers, as evidenced by the specific nature of the commitment of employees, would lend itself to business performance. Conversely, rational thinking would suggest that components of employee commitment that are not associated with leadership styles, which are intrinsically aimed at business performance, would also not correlate with this ultimate aim of performance. This provides some explanation for the finding of the absence of a relationship between continuance/normative commitment and the business performance of the studied SOEs.

On the flip side, the affective commitment of employees was found to be associated with the transformational leadership style of black top managers in SOEs. Besides, affectively committed employees are emotionally attached to the organisation and are therefore keen to exert extra effort in their contribution to their organisation. Against the backdrop of the positive antecedents related with affective commitment and the realisation that adopted leadership styles are intended to engender performance, it is logical to expect that the medium of employee affective commitment would also show some form of correlation with business performance. This expectation becomes reality, in the face of the findings of this study of the SOEs that participated.

The fourth objective of the study sought to establish the relationship, if any, between the types of employee commitment and business performance. The finding of the study is that a significant relationship exists between affective commitment of the employees and business performance of the SOEs while the converse is the case for normative commitment and continuance commitment. The findings responded to Research question 4 and simultaneously enabled the achievement of Objective 4.

#### **7.4.5 Research objective 5 / Question 5 revisited**

Research objective 5 of the study was to determine if span of control plays any moderating role in the relationship between the leadership styles of black top managers and employee commitment. To aid the effort channelled towards



realising this objective, the study was guided by research question 5 that asked whether span of control moderates the relationship between leadership styles of black top managers and the employee commitment of employees.

In this study, as shown in Table 6.6, the spans of control associated with the studied black top managers in the SOEs are different. The spans of control ranged from three to 44 employees, with an average of 10 employees. Kwan, Isa and Hin (2015:128) pronounce that effective leadership and a favourable span of control are important in the context of an organisation. Consequently, the fifth objective of the study was to determine if span of control plays any moderating role in the relationship between the leadership styles of black top managers and employee commitment.

In order to determine if the span of control moderates the relationship between leadership style and employee commitment, a multivariate analysis was employed. The results of the study, as shown in Table 6.12, indicated that a span of control may not necessarily moderate the relationship between the studied leadership styles and employee commitment, except when it concerns the Management by Exception (Active) facet of the transactional leadership style. In this regard, it is where a high span of control coincides with an increased level of affective commitment on the part of the employees.

The aim of Objective 5 was to determine if span of control plays any moderating role in the relationship between the leadership styles of black top managers and employees' commitment. The results showed that this role is only manifest in the case of the relationship between the black top manager's practice of Management by Exception (Active) and the affective commitment of employees such that the level of affective commitment tends to increase with higher spans of control. This finding responded to Research question 5 and marked the realisation of the study's fifth objective.

#### **7.4.6 Research objective 6 / Question 6 revisited**

The research sought to realise research objective 6 whose focus was on ascertaining if any relationship exists between the constituents of leadership styles of black top managers, employees' commitment and business performance. The

collateral research question 6 asked if constituents of leadership styles possessed by black top managers lead to certain types of employee commitment and business performance.

In as much as the relationships between the leadership style of black top managers and employee commitment as well as the relationships between employee commitment and business performance were tested respectively, it was imperative to test all the variables concurrently. Hence, the sixth objective of the study was to ascertain if there is any relationship between the constituents of leadership styles of black top managers, employees' commitment and business performance. This entailed looking at the interrelationships between leadership styles of black top managers, employee commitment and business performance at SOEs.

In order to test the interrelationships, a multiple-regression analysis was conducted. An analysis of the relationship between the leadership styles and employee commitment showed that only a positive significant relationship between transformational leadership style and affective commitment ( $p = 0.003$ ) was in existence; for the relationship between leadership styles and business performance, the study found that no statistically significant relationship between the three studied leadership styles and business performance existed. Furthermore, a positive significant relationship was found to exist between affective commitment and business performance ( $p = 0.006$ ).

A test was also conducted to determine if employee commitment mediates the relationship leadership style and business performance. The results of the mediation analysis indicated that affective commitment mediates the relationship between transformational leadership and business performance. The findings are in keeping with the findings of Almutairi (2015), Huey Yiing and Zaman Bin Ahmad (2009) and Lee (2010) who have also established the mediating role of affective commitment in the relationship between transformational leadership style and business performance.

Objective 6 sought to ascertain if there is any relationship between the constituents of leadership styles of black top managers, employees' commitment and business performance. The results and the analysis indicated that affective commitment

mediates the relationship between transformational leadership style and business performance. It can therefore be said that Objective 6 was realised

## **7.5 Study contributions**

Amongst the three studied leadership styles (transactional leadership, transformational leadership, laissez-faire), the study has shown that the transformational leadership style dominates in the South African SOE environment, perhaps due to its significantly positive relationship with affective commitment. While black top managers “sometimes” display this leadership style, it is clearly imperative that they deploy the style more often in the SOE environment.

It is noteworthy that of the three components of employee commitment (affective commitment, normative commitment, continuance commitment), affective commitment mediates the relationship between the transformational leadership style and business performance. Therefore, in order to enhance the affective commitment of their employees, black top managers need to consider employing mechanisms that increase affective commitment, such as clearly defining and assigning meaningful work that matches employee skills, making provision for workplace flexibility, implementing a potent talent strategy and engaging in frequent team-building activities so as to leverage on its positive relationship with business performance.

The results of the moderation analysis in this study highlight the fact that span of control moderates the relationship between leadership style and employee commitment in the SOE environment. Of interest, the study found that as the span of control increases, a facet of the transactional leadership style, namely Management by Exception – Active, bears an association with affective commitment. This finding means that black top managers with a high span of control, within the SOE context, have to consider the effect of span of control in the adoption of a leadership style in order for it to have some bearing, especially on affective commitment.

In respect of the academic contribution, the study has enriched the leadership literature as it pertains to the predominant leadership style of the Black managers

in the SOEs within the South African environment having been reviewed. In addition, the modification of the MLQ from a nine-factor structure model to a five factor model also points to the reality that the measurement tool should be considered as sacred and non-flexible.

In summary, it would seem that work units with black top managers are likely to benefit from displaying a transformational leadership style more often as compared to the other styles of leadership. Furthermore, it would appear that black top managers should focus on nurturing the affective commitment of their employees rather than concerning themselves with continuance or normative commitment in the light of their non-association with leadership styles or indeed business performance.

## **7.6 Limitations of the study**

These were the challenges that were encountered during the research phase of this study, which may provide awareness to a prospective researcher who may intend to conduct a study in a similar contextual environment. Unfortunately, some black top managers declined the opportunity to participate in the study. Factors that may have contributed to this hesitation and lack of trust include: the increase in media scrutiny of SOEs; the restructuring of SOEs, which results in uncertainty with relation to reporting structures and the uncertainty of career advancement in a politically-sensitive environment. All of these prevailed despite the fact that all top management in the targeted SOEs were supplied with an ethical clearance endorsed by the University of Pretoria that amongst other precautions to protect respondents, also guaranteed anonymity.

In order to conduct the study, the researcher was required to get permission for access and the consent of the CEOs, who are the studied subject in this study. In some instances, this required a direct liaison with the studied CEO and was then followed by communication to the participants by the researcher wherein proof of permission from the office of the CEO was attached to assure them that protocol was observed. The interaction with the CEO, however, created the suspicion with the prospective participants that their responses would be made known to their direct managers, which subsequently resulted in them becoming hesitant in

responding to the research questionnaire. The challenge had to be addressed through an assurance to the participants in the form of a written and/or verbal agreement that their responses would not be shared with their direct managers or their respective CEOs. Where the prospective participants were not convinced, they opted not to participate, which resulted in a lower number of respondents.

The definition of an SOE is not universally understood in South Africa and this resulted in some SOEs declining to participate in the study at the enquiry stage due to them not classifying themselves as SOEs whilst they are listed as SOEs in the publicised GCIS list of SOEs. In addressing the misunderstanding, a further face-to-face engagement was attempted in order to get the SOEs to participate and this also failed to yield results.

The inclusion of mid-point measures such as “neutral” in the Likert scales prevalent in the instruments for the measurement of leadership styles and employee commitment has been problematic for purposes of data analysis. This is because the aggregate scores of responses obtained for some of the scales were inclined towards the “neutral” or “sometimes” mid-points, which is almost reflective of a certain kind of acquiescence to the central tendency effect by study participants. Despite the repeated use of these instruments for the measurement of leadership and commitment and their incontrovertible reliability and validity, it is worthy to note that the central tendency bias is a critical limitation and this can be overcome by eliminating the mid-point option in the Likert scale. In this way the scores obtained on the scales can provide a more definite basis for conclusions related to prevalent styles of leadership and employee commitment to be drawn by researchers.

Due to the high level of occupation that the participants of the study hold, most of them had tight schedules, which caused a delay in their completion of the questionnaires. As a result, several follow-ups had to be made in order to receive the completed questionnaires. In other instances, the questionnaire was just forwarded to an HR department or media liaison for completion due to a misunderstanding in expectation. A measure employed to address the misunderstanding was further explaining the scope and requirements for participation in the study through face-to-face meetings.

Furthermore, a perceived lack of appreciation for the scope of the research topic or the stigma attached to it hindered participation from the onset. In order to encourage participation, several requests had to be made and as a result some of the CEOs requested a presentation to be made to their executive committee members so as to get their boards to evaluate the risk of permitting participation in the research study.

SOEs use a balanced scorecard as a tool to measure business performance. The assumption is that the key performance indicators (KPIs) contained in the scorecard are aligned with the strategic objectives of the SOEs. However, due to the varied nature of the business activity that SOEs conduct, the KPIs of work units in the different organisations studied did not enable the study to compare the performance achievements of SOEs to one another.

### **7.7 Recommendations and future research**

The study has predominantly leveraged off the perceptions of the direct reports of black top managers. As such, the personal characteristics of the leader, which may include his/her age, duration of occupation and cultural background, etc. have not been considered as a variable in this study. There is a chance that these characteristics could affect the manifestation of the constructs of leadership and employee commitment that were of interest to the study. Consequently, further research in exploring these constructs may allow for the investigation of demographic variables related to the black top manager as well as employees in their work units/organisations. This may provide more insight about preference of leadership styles of black top managers.

While the study's focus was on black top managers in the SOEs of South Africa, a similar study can be conducted in the private sector of South Africa in order to ascertain the relationships that were identified in this study. In addition, it may be beneficial to investigate issues of causality, beyond just associations, between the constructs and it is recommended that this be done following a longitudinal research approach. Moreover, due to the challenges experienced in collecting data, which resulted in the researcher using a smaller sample, further research with a larger sample is recommended so as to get more representation from the

entire population. Notwithstanding the relevance of the adopted sampling method of this study, a similar study using a random sampling method may also be of value, so as to allow for the generalisation of the results of such a study to be made.

The employed leadership style measurement instrument was modified in order to be suitable for use in this study within an African context. The modification process, which involved the collapse of factors in the transformational leadership measurement model, was undertaken to enable more proficient statistical analysis in this study. It is noteworthy that the instrument was developed from a Western perspective and perhaps the development of a similar leadership measurement model in an African context may augur well for the enrichment of African management and leadership literature.

## **7.8 Summary**

Chapter 7 of this study served to provide conclusive discussions stemming from the results of the analysis of the data collected for the study. The chapter provided a brief overview of the demographics of the respondent population. In addition, the chapter provides a recap of the various measurement models that have been employed in the study and the outcomes of the fitness testing that led to the determination of their validity for use in the study. The study's objectives and achievements were revisited in order to evaluate if the study successfully realised them by answering the relevant research questions. Finally, the study's limitations were discussed and recommendations for future research were also made in the hope that they aid future research in the field of leadership in an African context.

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## **APPENDIX A: ETHICAL CLEARANCE**

**RESEARCH ETHICS COMMITTEE**

Tel: +27 12 420 3395

E-mail: ronel.rensburg@up.ac.za

11 March 2016

Dr CE Eresia-Eke

Department of Business Management

Dear Doctor Eresia-Eke

**Strictly confidential**

**Project:** Relationship between leadership styles, employee commitment and business performance: a study of black top managers in state-owned enterprises

**Researcher:** TR Mabasa  
**StudentNo:** 4027880  
**Promoter:** Dr CE Eresia-Eke  
**Department:** Business Management

The Committee's letter dated 30 September 2015 granting provisional approval of the above research refers.

We acknowledge receipt of nine (9) letters of permission from the organisations listed on Annexure A to this letter. We have pleasure in informing you that, after reviewing the documentation, the Committee granted final approval on 11 March 2014 for the researcher to commence her research within those organisations. Please note that the approval applies only to those organisations listed on the annexure.

Approval is further subject to the candidate abiding by the principles and parameters set out in the application and research proposal in the actual execution of the research.

The Committee requests that you convey this approval to the researcher.

We wish you success with the project.

Sincerely



pp PROF RS RENSBURG  
**CHAIR: COMMITTEE FOR RESEARCH ETHICS**

cc: Prof AF Grobler

Student Administration

Members: Prof RS Rensburg (Chair); Prof R van Eyden (Deputy Chair); Dr WM Badenhorst; Prof HE Brand; Prof DJ Fourie; Prof JF Kirsten; Prof BA Lubbe; Prof MC Matthee; Prof SG Nienaber; Ms K Plant; Dr M Reyers; Prof JJ van Vuuren; Prof M Wiese  
Legal adviser: Prof C van Heerden Secretariat: Mr M Deysel

**APPENDIX B: LETTER OF PERMISSION OF INSTRUMENTS UTILIZATION**

MULTI-FACTOR LEADERSHIP QUESTIONNAIRE

Hello Tabea,

You may use this email as proof of permission from Mind Garden, Inc. to extend use of your 300 MLQ licenses one additional year through July 16, 2016.

Best,

Katherine  
Mind Garden, Inc.

**From:** [info@mindgarden.com](mailto:info@mindgarden.com) [mailto:[info@mindgarden.com](mailto:info@mindgarden.com)]

**Sent:** 16 July 2014 04:30 PM

**To:** Tabea Mabasa

**Cc:** [info@mindgarden.com](mailto:info@mindgarden.com); [bobmost@msn.com](mailto:bobmost@msn.com); [mindgardeninfo@gmail.com](mailto:mindgardeninfo@gmail.com)

**Subject:** Mind Garden: Sales Receipt for Order 32154

The following order was placed with Mind Garden, Inc. Your order contains at least one PDF product. Please follow the instructions below to login to your account on our Transform system and access your PDFs.

We appreciate your business. If you have any questions about your order please contact us by either replying to this e-mail or calling our office at [1-650-322-6300](tel:1-650-322-6300).

**How to login to your Transform account**

Transform is a web-based survey, assessment, and document-storage system by Mind Garden, Inc. You will need to establish your identity (login) in Transform (if you haven't already done so). For this process, your User ID will be your email address; you will set your own password. To begin the login process, click on the link below. You may need to copy and paste this URL into your web browser if clicking on the URL does not work.

**Login:** <http://www.mindgarden.com/login/302762/297488>

**Email:** [tmabasa2@sars.gov.za](mailto:tmabasa2@sars.gov.za)

As always, we are available weekdays (US) to answer any questions you may have. Reach us by email by going to the "Contact" link on our website

<http://www.mindgarden.com/contact.htm>, or call us at [650-322-6300](tel:650-322-6300) (US Pacific).

**Sales Receipt for Order 32154**

Placed on Wednesday, July 16, 2014 at 7:29 am (PDT, UTC-7)

**Ship To:**

Tabea Mabasa

Student

[tmabasa2@sars.gov.za](mailto:tmabasa2@sars.gov.za)

084 85 00412

05 Orange Avenue, The Orchards

Pretoria Gauteng 0189

ZA (South Africa)

**Bill To:**

Tabea Mabasa

Student

[tmabasa2@sars.gov.za](mailto:tmabasa2@sars.gov.za)

084 85 00412

05 Orange

Avenue, The Orchards

Pretoria Gauteng 0189

ZA (South Africa)

Product	Code	Quantity	Price/Each	Total
<b>MLQ Reproduction License</b> Licenses: 300 Format: downloadable PDF file	MLQ-License	1	\$228.00	\$228.00
Shipping: Online Product Delivery:				\$0.00
Sales Tax:				\$0.00
<b>Order Total:</b>				\$228.00

This order has been paid in full.

Our privacy policy is available [here](#)

Please Note: This email and its contents are subject to our email legal notice which can be viewed at <http://www.sars.gov.za/Pages/Email-disclaimer.aspx>

--

Mind Garden, Inc.

## EMPLOYEE COMMITMENT QUESTIONNAIRE

Dear Tabea,

You can get the commitment measures and permission to use them for Academic Research Purposes from the following website: <http://employeecommithment.com>. I hope all goes well with your research.

Best regards,  
John Meyer



Dr. John Meyer  
Department of Psychology  
Rm 8411, Social Science Centre  
Western University  
London, Ontario, Canada  
N6A 5C2

Phone: (519) 661-3679  
Fax: (519) 661-3961  
Email: [meyer@uwo.ca](mailto:meyer@uwo.ca)



**APPENDIX C: INFORMED LETTER OF CONSENT**

Bestpaper.com



**Faculty of Economic and  
Management Sciences  
Department of Business Management**

Relationship between leadership styles, employee commitment and business performance: A study of Black top managers in state-owned enterprises

Research conducted by:

Mrs T.R Mabasa (94027880)

Cell: 0848500412

Dear Participant

You are invited to participate in an academic research study conducted by Tabea Mabasa, Doctoral student from the Department Business Management at the University of Pretoria.

The purpose of the study is to identify the leadership styles of Black top managers and their impact on subordinates' commitment to the organisation and business performance.

Please note the following:

This is an anonymous study survey as your name will not appear on the questionnaire. The answers you give will be treated as strictly confidential as you cannot be identified in person based on the answers you give.

- ✦ Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- ✦ Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 30 minutes of your time.
- ✦ The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- ✦ Please contact my study leader, Dr Eresia-Eke, 012 420 5295, chuks.eresia-eke@up.ac.za, if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- ✦ You have read and understand the information provided above.
- ✦ You give your consent to participate in the study on a voluntary basis.

---

**Participant's signature**

---

**Date**

## APPENDIX D: DATA COLLECTION INSTRUMENT

# ACADEMIC RESEARCH QUESTIONNAIRE

## ACADEMIC RESEARCH QUESTIONNAIRE

### Section A

This section contains some demographic descriptives. Please indicate the option that best describes you by marking an [X] in the relevant box. Kindly mark only one option per row and please do not write in the shaded boxes.

1. Gender	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>	V1	<input type="checkbox"/>						
2. Race	Black	<input type="checkbox"/>	White	<input type="checkbox"/>	Coloured	<input type="checkbox"/>	India n	<input type="checkbox"/>	V2	<input type="checkbox"/>		
3. Highest Qualification	None	<input type="checkbox"/>	Matri c	<input type="checkbox"/>	Diploma	<input type="checkbox"/>	Degre e	<input type="checkbox"/>	Post Graduate	<input type="checkbox"/>	V3	<input type="checkbox"/>
4. Age	< 21	<input type="checkbox"/>	21-30	<input type="checkbox"/>	31- 40	<input type="checkbox"/>	41-50	<input type="checkbox"/>	> 50	<input type="checkbox"/>	V4	<input type="checkbox"/>

## Section B

This questionnaire is used to describe the leadership style of your leader as you perceive it. Please indicate the option that best describe the style by marking an **[X]** in one of the option boxes.

		Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always		
1	My leader provides me with assistance in exchange for my efforts.						V5.1	
2	My leader re-examines critical assumptions to question whether they are appropriate.						V5.2	
3	My leader fails to interfere until problems become serious.						V5.3	
4	My leader focus attention on irregularities, mistakes, exceptions, and deviations from standards						V5.4	
5	My leader avoids getting involved when important issues arise.						V5.5	
6	My leader talks about their most important values and beliefs.						V5.6	
7	My leader is absent when needed.						V5.7	
8	My leader seeks differing perspectives when solving problems.						V5.8	
9	My leader talks optimistically about the future.						V5.9	
10	My leader instils pride in me for being associated with him/her.						V5.10	
11	My leader discusses in specific terms who is responsible for achieving performance targets.						V5.11	
12	My leader wait for things to go wrong before taking action						V5.12	
13	My leader talks enthusiastically about what needs to be accomplished.						V5.13	
14	My leader specifies the importance of having a strong sense of purpose.						V5.14	
15	My leader spends time teaching and coaching.						V5.15	
16	My leader makes clear what one can expect to receive when performance goals are achieved.						V5.16	
17	My leader shows that he/she is a firm believer in "if ain't broke, don't fix it."						V5.17	

18	My leader goes beyond self-interest for the good of the group.						V5.18	
19	My leader treats me as an individual rather than just as a member of a group.						V5.19	
20	My leader demonstrates that problems must become chronic before taking actions.						V5.20	
21	My leader acts in ways that builds my respect						V5.21	
22	My leader concentrates his/her full attention on dealing with mistakes, complaints, and failures.						V5.22	
23	My leader considers the moral and ethical consequences of decisions.						V5.23	
24	My leader keeps track of all mistakes.						V5.24	
25	My leader displays a sense of power and confidence						V5.25	
26	My leader articulates a compelling vision of the future.						V5.26	
27	My leader directs my attention towards failures to meet standards.						V5.27	
28	My leader avoids making decisions.						V5.28	
29	My leader considers me as having different needs, abilities, and aspirations from others.						V5.29	
30	My leader gets me to look at problems from many different angles.						V5.30	
31	My leader helps me to develop my strengths.						V5.31	
32	My leader suggests new ways of looking at how to complete assignments.						V5.32	
33	My leader delays responding to urgent questions.						V5.33	
34	My leader emphasizes the importance of having a collective sense of mission.						V5.34	
35	My leader expresses satisfaction when I meet expectations.						V5.35	
36	My leader expresses confidence that goals will be achieved.						V5.36	

## Section C

This questionnaire is to describe your commitment to the organisation. Please indicate the option that best describe your situation by marking an **[X]** in one of the option boxes.

		Strongly disagree	Slightly disagree	Neutral	Slightly agree	Strongly agree		
1	I would be very happy to spend the rest of my career with this organisation.						V6.1	
2	I really feel as if this organisation's problems are my own.						V6.2	
3	I do not feel a strong sense of "belonging" to my organisation.						V6.3	
4	I do not feel "emotionally attached" to this organisation.						V6.4	
5	I do not feel like "part of the family" at my organisation.						V6.5	
6	This organisation has a great deal of personal meaning for me						V6.6	
7	Right now, staying with my organisation is a matter of necessity, as much as desire.						V6.7	
8	It would be very hard for me to leave my organisation right now, even if wanted to.						V6.8	
9	Too much of my life would be disrupted if I decided I wanted to leave my organisation now.						V6.9	
10	I feel that I have too few options to consider leaving this organisation.						V6.10	
11	If I had not already put so much of myself into this organisation, I might consider working elsewhere.						V6.11	
12	One of the few negative consequences of leaving this organisation would be scarcity of available alternatives.						V6.12	
13	I do not feel any obligation to remain with my current employer. R						V6.13	
14	Even if it were to my advantage, I do not feel it would be right to leave my organisation now.						V6.14	
15	I would feel guilty if I left my organisation now.						V6.15	
16	This organisation deserves my loyalty.						V6.16	
17	I would not leave my organisation right now because I have a sense of obligation to people in it.						V6.17	
18	I owe a great deal to my organisation.						V6.18	

**APPENDIX E: LETTER FROM THE SUPERVISOR**



100  
1908-2008



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA

Faculty of Economic and  
Management Sciences  
Department of Business Management

25<sup>th</sup> November 2014

To whom it concerns

**Re: Relationship between leadership styles, organisational commitment and business performance: A study of black top managers in SOEs**

Tabea Mabasa is a registered doctoral student at the department of business management, University of Pretoria. She is in the process of executing a research with the above-named title. The study is part of the requirements for the award of a doctoral degree in Management.

This letter serves to request your kind assistance for the intended study. Please rest-assured that the study is undertaken for strict academic purposes and anonymity for both the respondents and the organisation is guaranteed. I am confident that her findings would have both practical and theoretical value, sufficient to bring a measure of improvement to the degree of understanding of the SOE landscape in South Africa.

I implore you to contact me, should you wish for any further clarifications or discussions as it pertains to this issue.

Accept the best of my regards.

Faithfully yours,

  
Eresia-Eke, CE (PhD)

Study Promoter

Tel: 012-4205295 ; chuks.eresia-eke@up.ac.za



**APPENDIX F: NORMAL DISTRIBUTION OF THE LEADERSHIP STYLES AND  
EMPLOYEE COMMITMENT**

