

**THE RELATIONSHIP BETWEEN LEADERSHIP AND
ORGANISATIONAL CLIMATE: EMPLOYEES AT AN FMCG
ORGANISATION IN SOUTH AFRICA**

by

Angela Eustace

Submitted in accordance with the requirements for the degree of

Master of Commerce

in the subject

INDUSTRIAL AND ORGANISATIONAL PSYCHOLOGY

at the

UNIVERSITY OF SOUTH AFRICA

SUPERVISOR: Prof Nico Martins

January 2013

DECLARATION

I, Angela Eustace, declare that “**The relationship between leadership and organisational climate: employees at an FMCG organisation in South Africa**” is my own work and the sources that have been utilised or quoted have been indicated and acknowledged by means of complete references.

Signature

Angela Eustace

Date

ACKNOWLEDGEMENTS

I thank God, our creator. Faith has kept me humble, thankful and focused.

There are so many people who have walked this journey with me towards the completion of this dissertation. I would like to thank the following individuals in particular:

My mom, Wendy Dadswell, for always believing in me and supporting me throughout my life. I value your love and optimism.

My brother, Marc Eustace, for his encouragement and faith, and always keeping me grounded.

My gran, Margaret Eustace, for inculcating in me the importance of education, and encouraging me to pursue my career in the field of industrial and organisational psychology.

My supervisor, Prof Nico Martins, for his ongoing support, guidance and advice throughout this dissertation. Prof, I am indebted to you for sharing your in-depth expertise and wealth of knowledge with me.

Andries Masenga at Unisa, for his willingness, professionalism and assistance with the analysis of the data and the interpretation of the SEM models.

All my family, friends and colleagues for their ongoing encouragement and support.

ABSTRACT

The 21st century has posed challenges and provided opportunities for organisations, and although a large body of research exists on both leadership and organisational climate, these two concepts have become a matter of urgency in South African organisations. The dynamics in the organisation have a direct effect on the people the organisation serves and business performance.

The aim of this research was to explore the relationship between leadership and organisational climate in a South African fast-moving consumable goods (FMCG) organisation. There are few research studies that focus on leadership and organisational climate in the South African context and this study builds on limited existing knowledge. Using a descriptive, cross-sectional field survey approach, a sample of 896 participants employed at one organisation was surveyed. Explanatory factor analysis and the structural equation modelling (SEM) multivariate analysis technique revealed a new set of organisational dimensions and confirmed the relationship between leadership and organisational climate and organisational climate and its various dimensions.

The findings emphasise the importance of certain generic and specific leadership practices in creating the desired organisational climate in the South African context. This study contributes to knowledge on the relationship between leadership and organisational climate in the South African context.

Key words: *organisational psychology, leadership, organisational climate, quantitative research, survey*

TABLE OF CONTENTS

DECLARATION	2
ABSTRACT	4
CHAPTER 1: SCIENTIFIC ORIENTATION TO THE RESEARCH.....	14
1.1 BACKGROUND TO AND RATIONALE FOR THE RESEARCH.....	14
1.2 PROBLEM STATEMENT.....	16
1.2.1 General research question	16
1.2.2 Specific research questions	16
1.3 AIMS OF THE STUDY	17
1.3.1 General aim of the research	17
1.3.2 Specific aims of the literature review	17
1.3.3 Specific aims of the empirical study	17
1.4 THE RESEARCH MODEL	18
1.4.1 The intellectual climate.....	19
1.4.2 The market of intellectual resources	20
1.4.3 The research process	20
1.5 THE PARADIGM PERSPECTIVE AND DISCIPLINARY CONTEXT	20
1.5.1 The relevant paradigms.....	21
1.5.1.1 The humanistic-existential paradigm.....	21
1.5.1.2 The functionalist paradigm	21
1.5.2 The metatheoretical concepts.....	22
1.5.2.1 Industrial and organisational psychology	22
1.5.2.2 Organisational behaviour	23
1.5.2.3 Psychometrics	23
1.5.3 Applicable behavioural models and theories	24
1.5.3.1 Leadership.....	24

1.5.3.2 Organisational climate models and theory.....	24
1.5.4 Applicable concepts and constructs	24
1.5.4.1 Leadership.....	24
1.5.4.2 Organisational climate	25
1.5.4.3 Individual perceptions.....	25
1.5.5 Methodological convictions.....	25
1.5.5.1 Sociological dimension.....	26
1.5.5.2 Ontological dimension	26
1.5.5.3 Teleological dimension.....	26
1.5.5.4 Epistemological dimension.....	26
1.5.5.5 Methodological dimension.....	27
1.5.6 The central hypothesis	27
1.6 THE RESEARCH DESIGN	27
1.6.1 Research variables	27
1.6.2 Type of research.....	28
1.6.3 Unit of analysis	28
1.6.4 Validity and reliability	28
1.6.4.1 Validity	28
1.6.4.2 Reliability.....	29
1.7 THE RESEARCH METHOD	29
1.7.1 Phase 1: the literature review	30
1.7.2 Phase 2: the empirical study	31
1.8 CHAPTER LAYOUT.....	34
1.9 CHAPTER SUMMARY	35
CHAPTER 2: LITERATURE REVIEW: LEADERSHIP AND ORGANISATIONAL CLIMATE.....	36

2.1	BACKGROUND TO AND REASON FOR STUDYING LEADERSHIP	36
2.2	THE DEFINITION OF LEADERSHIP	37
2.3	APPROACHES TO LEADERSHIP	39
2.3.1	The trait approach to leadership.....	40
2.3.2	The behavioural approach to leadership	41
2.3.2.1	Ohio State University leadership model	41
2.3.2.2	University of Michigan leadership model.....	43
2.3.2.3	Blake and Mouton’s leadership grid	43
2.3.3	The contingency approach to leadership.....	44
2.3.3.1	The Fiedler model	45
2.3.3.2	The Hersey and Blanchard’s situational theory	47
2.3.3.3	The Path-Goal theory	48
2.3.4	The neocharismatic approach to leadership.....	50
2.3.4.1	The neocharismatic approach to leadership.....	50
2.3.4.2	The Hersey and Blanchard’s Situational theory	51
2.3.5	The African approach to leadership.....	52
2.4	THE IMPORTANCE OF LEADERSHIP	53
2.5	THE DIFFERENCE BETWEEN LEADERSHIP AND POWER.....	54
2.6	THE SELECTION AND DEVELOPMENT OF LEADERS	55
2.7	LEADERSHIP AND ORGANISATIONAL CLIMATE.....	56
2.8	BACKGROUND TO AND RATIONALE FOR STUDYING ORGANISATIONAL CLIMATE	60
2.9	CONCEPTUALISATION OF ORGANISATIONAL CLIMATE	61
2.10	DEFINING ORGANISATIONAL CLIMATE.....	62
2.11	THE ETIOLOGY OF ORGANISATIONAL CLIMATE.....	64
2.11.1	The structural approach.....	65
2.11.2	The perceptual approach	65

2.11.3 The interactive approach.....	66
2.11.4 The cultural approach	66
2.12 ASPECTS OF ORGANISATIONAL CLIMATE.....	66
2.12.1 Levels of climate.....	66
2.12.1.1 Organisational climate	67
2.12.1.2 Group climate.....	67
2.12.1.3 Psychological climate	67
2.12.2 Dimensions of organisational climate.....	67
2.13 ORGANISATIONAL CLIMATE AND ORGANISATIONAL CULTURE	71
2.14 LEADERSHIP AND ORGANISATIONAL CLIMATE MODEL.....	71
2.15 THE IMPORTANCE OF ORGANISATIONAL CLIMATE	72
2.16 MEASURING ORGANISATIONAL CLIMATE	73
2.17 CHAPTER SUMMARY	75
CHAPTER 3: JOURNAL ARTICLE	76
3.1 INTRODUCTION	77
3.1.1 Key focus of the study	77
3.1.2 Background to the study	77
3.1.3 Trends in the literature	79
3.1.3.1 Leadership.....	79
3.1.3.2 Organisational climate	82
3.1.4 Research objective	84
3.1.5 The potential value-add of the study.....	85
3.2 RESEARCH DESIGN.....	86
3.2.1 Research approach	86
3.2.2 Research method.....	86
3.2.3 Research participants	86

3.2.4 Measuring instrument	88
3.2.5 Research procedure	88
3.2.6 Data analysis	89
3.3 RESULTS	89
3.4 DISCUSSION	95
3.4.1 Summary of the findings	95
3.4.2 Managerial implications	96
3.4.3 Limitations and recommendations	97
CHAPTER 4: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS	98
4.1 CONCLUSIONS	98
4.1.1 Conclusions relating to the literature review	99
4.1.1.1 Specific aim 1: conceptualise leadership and determine its main components	99
4.1.1.2 Specific aim 2: conceptualise organisational climate and determine its main dimensions	101
4.1.1.3 Specific aim 3: conceptualise the relationship between leadership and organisational climate	102
4.1.2 Conclusions relating to the empirical research	103
4.1.2.1 Specific aim 1: investigate the organisational climate in a South African FMCG	103
4.1.2.2 Specific aim 2: determine the main dimensions of organisational climate in a South African FMCG	104
4.1.2.3 Specific aim 3: investigate whether or not there is an empirical relationship between leadership and organisational climate	105
4.2 LIMITATIONS OF THE RESEARCH	105
4.2.1 Limitations of the literature review	105
4.2.2 Limitations of the empirical study	105

4.3 RECOMMENDATIONS.....	106
4.4 CHAPTER SUMMARY	107
REFERENCES.....	108

LIST OF TABLES

Table 3.1:	Demographic profile of the respondents.....	87
Table 3.2:	Dimensions of organisational climate.....	90
Table 3.3:	The means, standard deviations and Cronbach alphas for the dimensions of organisational climate and inspirational leadership.....	92
Table 3.4:	Squared multiple correlations (organisational climate relationship).....	94
Table 3.5:	Standardised regression weights: organisational climate.....	94

LIST OF FIGURES

Figure 1.1:	Mouton and Marais' research model (Mouton & Marais, 1994).....	19
Figure 1.2:	Process flow diagram for phase 1 of the research.....	30
Figure 1.3:	Process flow diagram for phase 2 of the research.....	31
Figure 2.1:	Key dimensions of leadership behaviour (Greenberg & Baron, 1993).....	42
Figure 2.2:	The leadership grid model (Bush & West-Burnham, 1994).....	44
Figure 2.3:	The leadership and organisational climate relationship model.....	72
Figure 3.1:	Model 1: inspirational leadership and organisational climate relationship....	93

LIST OF ANNEXURES

Annexure A: Communities analysis and total variance explained.....	125
Annexure B: Scree plot.....	140
Annexure C: Factor analysis.....	141

ADDITIONAL ANNEXURE

Organisational climate survey.....	153
------------------------------------	-----

CHAPTER 1

SCIENTIFIC ORIENTATION TO THE RESEARCH

The aim of this dissertation was to explore the relationship between leadership and organisational climate.

This chapter deals with context of and the rationale for this research study. The problem statement will be presented and the research aims specified. The paradigm perspective will be outlined as the boundaries for the study. This chapter will also explain the research design and methodology and conclude with the chapter layout.

1.1 BACKGROUND TO AND RATIONALE FOR THE RESEARCH

The changing technological landscape of today poses a multitude of challenges and opportunities for organisations, leaders and employees. From a South African perspective, leaders are faced with generic and specific challenges such as globalisation, cultural diversity, black economic empowerment and transformation (Botha & Claassens, 2010). Many organisations seek ways to ensure that they survive and remain competitive in this dynamic and fast-paced environment. Their survival largely depends on effective performance in a number of key areas.

Organisational climate and the associated benefits of a positive climate and the risks of a negative climate are of increasing interest to organisations. It is now acknowledged and accepted that there are a number of determinants of job performance, one of which is a positive organisational climate. The employees' satisfaction with organisational climate is critical because of its impact on the productivity, flexibility and growth of an organisation. A positive organisational climate encourages employees to perform at their best by expending discretionary effort (Mahal, 2009).

Several studies have been conducted linking organisational climate to performance (Haakonsson Burton, Obel, & Lauridsen, 2008; Jing, Avery, & Bergsteiner, 2011; Raza, 2010). A positive organisational climate not only improves performance in the present but also impacts on the future performance of the business by gaining the benefits of increased

employee satisfaction and customer satisfaction, improved productivity and retention of skills and providing an attractive employee offering for potential employees.

Forehand and Gilmer (1964) define organisational climate as the sum total of organisational characteristics that describe an organisation. Climate has often been described in the literature as the personality of an organisation (Srivastav, 2006). The organisational climate is influenced by the interaction of an organisation's structure, systems, leadership behaviour, culture and employees' psychological needs (Pareek, 1989). According to Castro and Martins (2010), one of the best-known definitions of organisational climate is that of Litwin and Stringer (1968), who postulate that organisational climate is a group of work environment characteristics that are measurable and based on employee perceptions of a particular work environment and organisation.

Organisational culture and climate are similar concepts in that they both describe the perceptions and experiences of employees and allow for conclusions to be drawn about how to improve organisational effectiveness through changing factors that impact on these two concepts. Nevertheless, there is a clear distinction between organisational culture and climate in that the former is described as a way of doing things and also a pattern of basic assumptions (Schein, 1990). Organisational culture is underpinned by employees' values, beliefs and assumptions and is more enduring. Conversely, organisational climate is described as a "snapshot" at a specific time in an organisation and is measured by a set of dimensions (Castro & Martins, 2010). Organisational culture is thus explored when the question is asked "why" the above-mentioned patterns exist, while organisational climate determines that these patterns do exist. According to Reichersand Schneider (1990), organisational cultures create climate and are more stable over time.

Cloete (2011) maintains that organisational climate theory suggests that leadership in the organisation has a significant effect in determining the organisational climate. Organisational climate is the holistic view of how an organisation deals with the employees and environments, and is formed from internal factors predominantly within the influence of an organisation's leaders (Ostroff & Schmitt, 1993). Greyvenstein (1982) conducted a study that determined the way in which altering the leadership style impacts on a change in organisational climate, and that organisational climate, in turn, impacts on employees' motivation levels, thereby affecting job performance and job satisfaction.

1.2 PROBLEM STATEMENT

Owing to the fact that organisational climate impacts on factors that help organisations to become profitable and grow, it is evident that organisational climate is important in the contemporary world of work. Although a recent study conducted in a private retail organisation in South Africa confirmed that a relationship between leadership style and organisational climate does exist (Cloete, 2011), there was an opportunity for additional studies to investigate the relationship between leadership and organisational climate across various industries and cultures in the South African context. To promote a further understanding of the leadership and organisational climate relationship in South Africa and across various organisations, this research study explored this relationship in a South African fast-moving consumable goods (FMCG) organisation. In the ensuing sections, research and literature relating to organisational climate and its various dimensions will be presented. This investigation is linked to both the assumed and theoretical underpinnings of the research project that has led to the formulation of the research questions. The research questions guided the research project.

1.2.1 General research question

The general research question that required further investigation was as follows:

What is the relationship between leadership and organisational climate in a South African FMCG organisation?

1.2.2 Specific research questions

In terms of the literature study, the following specific research questions were explored and addressed:

- How can leadership be conceptualised and what are its main components?
- How can organisational climate be conceptualised and what are its main dimensions?
- What is the theoretical relationship between leadership and organisational climate?

In terms of the empirical study, the following specific research questions were explored and addressed:

- What is the organisational climate in a South African FMCG organisation?
- What are the main dimensions of organisational climate in a South African FMCG organisation?
- Does an empirical relationship exist between leadership and organisational climate in a sample of employees from a South African FMCG organisation?

1.3 AIMS OF THE STUDY

This section deals with the general and specific aims of this research, based on the research question.

1.3.1 General aim of the research

The general aim of this research was to explore the relationship between leadership and organisational climate in a South African FMCG organisation, and to determine which dimensions impact the most on organisational climate.

1.3.2 Specific aims of the literature review

Relevant literature was reviewed to gain insight into and enhance an understanding of organisational climate and its dimensions, including leadership. In terms of the literature review, the specific aims were as follows:

- To conceptualise leadership and determine its main components
- To conceptualise organisational climate and its main dimensions
- To conceptualise the theoretical relationship between leadership and organisational climate

1.3.3 Specific aims of the empirical study

- To investigate the organisational climate in a South African FMCG organisation
- To determine the main dimensions of organisational climate in a South African FMCG organisation

- To investigate whether there is an empirical relationship between leadership and organisational climate

1.4 THE RESEARCH MODEL

Mouton and Marais (1994) proposed a research model which was used as an outline for this research. The objective was to integrate the five dimensions of social science research, namely the sociological, ontological, teleological, epistemological and methodological elements and organise them within the framework of this research.

This model provides for a specific approach to the interpretation of the process of research, specifically, the social sciences. This kind of research is described by Mouton and Marais (1994) as a collaborative human activity in which aspects of social reality are objectively observed. The aim is to gain a deeper and accurate understanding and assessment of the social reality.

The model depicted in figure 1.1 indicates a systems theoretical model with three subsystems, namely the intellectual climate, the market of intellectual resources and the research process. All these elements interact with one another and with the specific field, and in this specific case, industrial psychology.

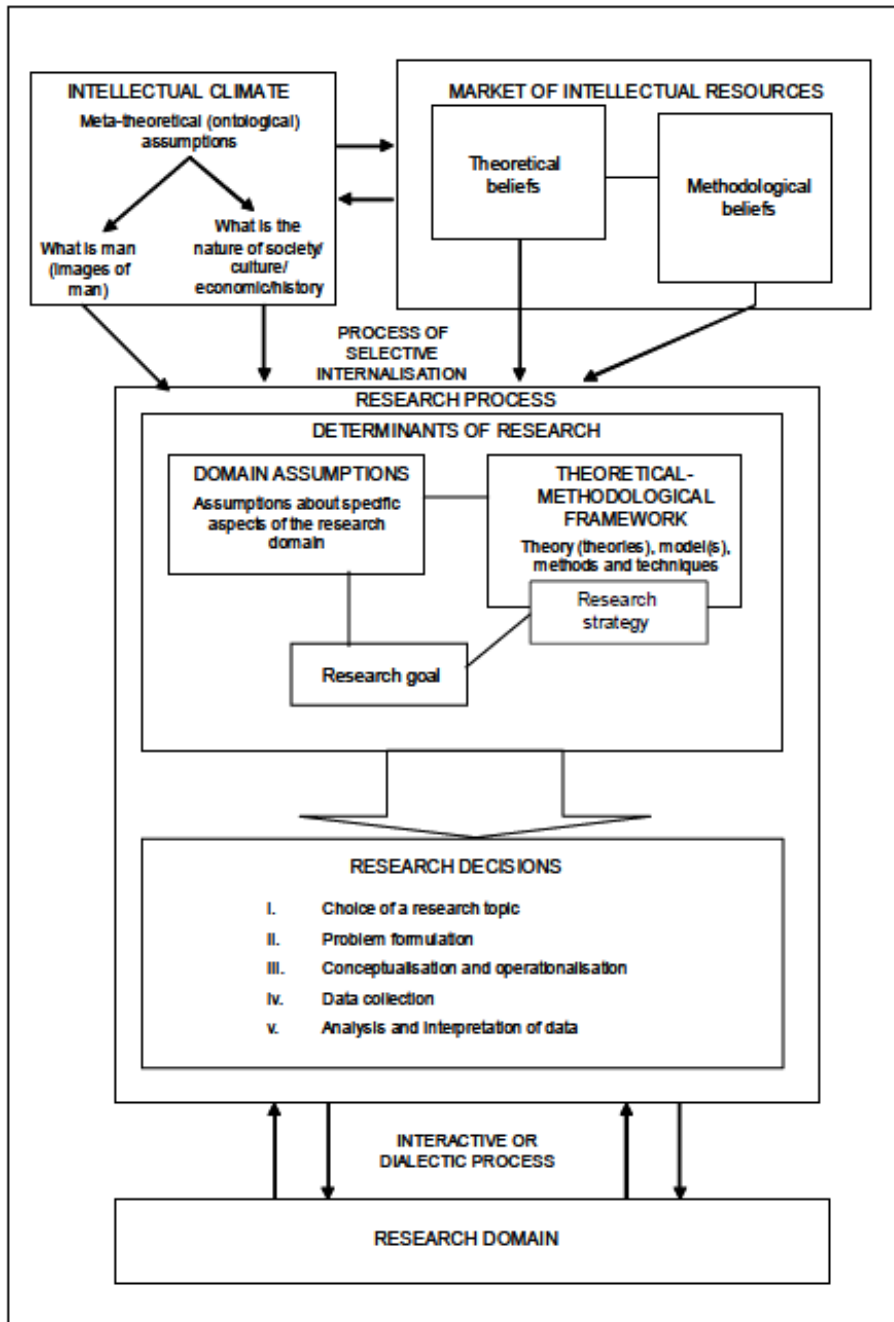


Figure 1.1: Mouton and Marais' research model (Mouton & Marais, 1994, p. 22)

1.4.1 The intellectual climate

The variety of metatheoretical values and beliefs held by those practising in the discipline or field of study are referred to as the intellectual climate. It is the group of beliefs, values or assumptions which, because of their source, can be traced to non scientific contexts and are

not directly related to the theoretical goals of scientific research (Mouton & Marais, 1994). For this research study, the assumptions were drawn from the perspectives relating to industrial and organisational psychology.

1.4.2 The market of intellectual resources

The beliefs that have a direct impact on the epistemic status of scientific statements are known as the market of intellectual resources. There are two main categories: firstly, the theoretical beliefs about the nature of phenomena, and secondly, the methodological beliefs focusing on the nature and structure of the research process (Mouton & Marais, 1994). For this research study, the main hypothesis and conceptual descriptions about leadership and organisational climate were presented and discussed.

1.4.3 The research process

During the research process, researchers adopt certain information from a specific paradigm which they subscribe to in order to make sense of the research data in a meaningful way. This originates from the theoretical and methodological demands posed by the research problem (Marais & Mouton, 1994).

1.5 THE PARADIGM PERSPECTIVE AND DISCIPLINARY CONTEXT

The paradigm perspective allowed the researcher in the current study to define the research and formulate a point of departure for conducting the research. Hence by stating the paradigm perspective, the boundary is set around the research, thus directing the philosophical, theoretical and methodological aspects of the research study (Mouton, 2001). The metatheoretical concepts will be discussed, followed by an outline of the applicable theoretical and models.

1.5.1 The relevant paradigms

The main approach to this research was from the systems thinking perspective, which states that individual parts interact to form a whole, which functions to achieve some purpose. In the case of an individual, he/she forms a part of a larger system, which comprises a number of subsystems. The following fundamental assumptions of this paradigm are made (Skyttner, 1996):

- The whole system comprises individual interacting parts.
- There is an emphasis on relation and relatedness.
- In application, the parts need to be viewed in relation to the whole.

The organisation is an open system. The characteristics of an open system are that they are complex, adaptive and interconnected, and they are influenced by and influence their environment. Furthermore, each part is connected to another and does not operate in isolation.

1.5.1.1 The humanistic-existential paradigm

The humanistic-existential psychological perspective can be distinguished from the other two theoretical perspectives of psychodynamic and cognitive-behavioural forces. The key difference is that the former focuses on understanding an individual's life experiences and the manner in which meaning is constructed in his/her world.

The following assumptions of the humanistic-existential paradigm are made (Corey, 2005):

- (1) Individuals are viewed as unique, more than a sum of their parts and can be studied as a whole.
- (2) Individuals are inherently good and should be viewed as dignified beings.
- (3) People are motivated to achieve their true potential.
- (4) People actively and consciously strive towards self-actualisation.
- (5) Individuals possess the freedom and responsibility to make choices and live purposefully.

1.5.1.2 The functionalist paradigm

The empirical study was investigated in the functionalistic paradigm. Its primary orientation was regulative and pragmatic, and the study attempted to understand behaviour in a manner which creates useful empirical knowledge.

According to Burrell and Morgan (1979), the following are additional fundamental assumptions underlying this paradigm:

- (1) It is concerned with gaining insight into the role of human beings in society.
- (2) The subject of the research is approached from an objective standpoint.
- (3) Society is seen to possess a concrete, authentic existence which is a self-regulator.
- (4) Behaviour is seen in context of the real world with concrete relationships.

1.5.2 The metatheoretical concepts

According to Mouton and Marais (1994), it is generally accepted that scientific findings are not based primarily on empirical research data. At various stages of the research process, the researcher is required to make assumptions justifying specific theories and methodological approaches that are not assessed in the research study. One important group of assumptions is the metatheoretical assumptions underpinning the theories, models and paradigms that form the context of the study. It is critical that this aspect of the scientific study should be made known. The metatheoretical concepts pertaining to this research will be outlined below.

1.5.2.1 Industrial and organisational psychology

Psychology is the scientific study of human behaviour and comprises several disciplines (Muchinsky, 1993). Industrial and organisational psychology is one of the disciplines in psychology. Industrial psychology is based on the “scientific rigour in a quest for understanding human behaviour in industry” (Watkins, 2001, p.8). Furthermore, it is an investigation into organisational dynamics and its impact on the functioning and wellness of individuals and groups (Rothmann & Cilliers, 2007). The aim of scientific study by

industrial/organisational psychologists is to predict human behaviour in the workplace or change behaviour in order to enhance the effectiveness of an organisation. The overall purpose of industrial and organisational psychology is therefore the scientific study and application of theoretical knowledge to solve problems and enhance work life in workplaces and organisations (Lowenberg & Conrad, 1998).

1.5.2.2 Organisational behaviour

Organisational behaviour can be defined as the study of human behaviour, attitudes and performance in the work context, drawing on theoretical knowledge, principles and methods from disciplines such as psychology, sociology and cultural anthropology. The aim is to gain an understanding of and learn about individual perceptions, values and behaviour while working in groups and within the larger organisational context; and to assess the impact of the external environment on the organisation and its human capital, vision, mission, goals and strategies (Ivancevich & Matterson, 2002).

Greenberg and Baron (1993) describe organisational behaviour as follows:

The aim is to improve individual employees' quality of work life.

- It acknowledges that the work environment is continuously evolving.
- The approach used for the scientific analysis will be determined by the unique characteristics of the organisation and its people.

1.5.2.3 Psychometrics

Psychometrics is a specialised area of psychology, with the primary focus on the development and utilisation of various assessment instruments (Gregory, 1996), which are used to assess psychological variables. Psychometrics allows researchers to measure various constructs, make predictions, interpret data and provide recommendations to enhance organisational effectiveness and individual functioning. In this research study, an organisation climate survey was used to measure organisational climate.

1.5.3 Applicable behavioural models and theories

In this study, the theoretical models relevant to this study were based on the theory of leadership and organisational climate

1.5.3.1 Leadership

Leadership was discussed from a humanistic perspective. The relevant theories and models presented, included the five relevant leadership approaches, namely trait leadership theory, behavioural leadership theory, contingency leadership theory, neocharismatic leadership theory and African leadership theory.

1.5.3.2 Organisational climate models and theory

Theories of how organisational climates are formed were discussed as well as the levels of climate, the difference between organisational climate and culture, the importance of organisational climate and the measurement of organisational climate.

1.5.4 Applicable concepts and constructs

The concepts and constructs applicable to this research study will be discussed below.

1.5.4.1 Leadership

In the contemporary context, leadership is defined as the art of transforming people and the organisation to effect positive change. Leaders develop respect, appreciation and care for their followers and acknowledge them as a powerful source of knowledge, innovation and

performance required for enhancing the organisation's performance and growth (Robbins, Odendaal & Roodt, 2009).

1.5.4.2 Organisational climate

Litwin and Stringer (1968) define organisational climate as a set of measurable properties of the work environment that are either directly or indirectly perceived by employees. It is assumed to impact on their motivation and behaviour. Organisational climate endeavours to provide a snapshot of an organisation at a point in time. Since the 1960s, organisational climate research has had an active history with its foundation firmly rooted in psychology.

1.5.4.3 Individual perceptions

Individual perceptions are the process of making meaning in the environment by choosing certain stimuli, organising the stimuli and storing and interpreting the different pieces of stimuli (Gibson, Ivancevich, & Donnelly, 1997).

1.5.5 Methodological convictions

Methodological convictions are the beliefs held by the researcher about the nature of social sciences and scientific research. Methodological convictions encompass the methodological preferences and assumptions about what effective research entails. It is the key to highlighting that there is a direct link between methodological beliefs and the epistemic position of research findings, which can be traced back to the context of the scientific beliefs (Mouton & Marais, 1994). The methodological convictions applied to this research study are highlighted below.

1.5.5.1 Sociological dimension

The sociological dimension highlights the fact that scientists operate in a clearly defined scientific community and they are part of research networks which form the basis for further research, thereby contributing to the body of existing knowledge in a particular field, area or topic. Research is described as experimental, scientific and exact (Mouton & Marais, 1994). This research made use of the quantitative analysis of variable and utilised research networks by reviewing existing industrial and organisational publications, articles, journals, books and material.

1.5.5.2 Ontological dimension

The ontological dimension entails discussions and debates of the numerous ways in which research areas can be defined and characterised, and classifies the reality that is being measured (Mouton & Marais, 1994). This research focused on the measurement of the organisational climate of an FMCG organisation in South Africa. The research dealt with the aggregated score of the organisation instead of individual departments and sites.

1.5.5.3 Teleological dimension

The teleological dimension refers to human activity that is goal oriented. The aims of the research can be described as either theoretical or practical. Theoretical research is exploratory, description and explanatory, whereas practical objectives present information and diagnose and explain problems (Mouton & Marais, 1994). The objectives of this research were explicit, namely to determine the relationship between leadership and organisational climate. In addition, in practical terms, the teleological dimension endeavours to contribute the field of industrial and organisational psychology by providing information relating to the relationship between leadership and organisational climate in the South African context.

1.5.5.4 Epistemological dimension

The epistemological dimension relates to the quest for truth. Hence the objective of research is to produce valid findings which reflect truth and reality as far as possible (Mouton &

Marais, 1994). This research endeavoured to achieve truth through a sound research design and the validity of the output.

1.5.5.5 Methodological dimensions

The methodological dimensions refer to the *how* of social sciences research. Methodology is thus described as the logic applied when examining phenomena. There are three methodological approaches, namely quantitative, qualitative and participatory action (Mouton & Marais, 1994). The research approach is outlined in more detail in chapter 3. The research method used for data collection in this study was a questionnaire and data analysis conducted by means of statistical techniques.

1.5.6 The central hypothesis

The central hypothesis for this research was formulated as follows:

There is a relationship between leadership and organisational climate in an FMCG organisation in South Africa.

1.6 THE RESEARCH DESIGN

The fundamental aim of a research design is to plan and structure the research project in a manner in which the validity of the research findings is optimal (Mouton & Marais, 1994). The structure of the research design is outlined below.

1.6.1 Research variables

The dependent variable in this study was organisational climate, and the independent variable, leadership. According to Mouton and Marais (1994), in theory, the independent variable should be able to be controlled. However, in this research project, it was not possible to directly control the independent variable.

1.6.2 Type of research

A quantitative research approach was adopted in this research. This suggests that the hypothesis should be clearly stated and formulated before the research commences and it should also be measurable through the use of a measuring instrument. The research was undertaken with a focus on testing the hypothesis and determining whether the formulated hypothesis should be accepted or rejected.

1.6.2 Unit of analysis

The unit of analysis in this research was the organisation as a whole. The organisation comprises various departments made up of individual employees. The organisation climate and leadership were examined at a group level.

1.6.3 Validity and reliability

This research study was designed to ensure maximum reliability and validity.

1.6.4.1 Validity

Research needs to measure and represent what the research study aims to measure. Validity addresses this concern. Research is required to be both internally and externally valid.

Research possesses internal validity when the constructs are measured in a valid way and the data that are measured are accurate and reliable and reflect the truth. The analysis should be conducted in a way that is applicable to the type of data, and the conclusions should support that data (Mouton & Marais, 1994). External validity is defined as the degree to which the findings of the research are applicable to and across various persons, settings and times (Mouton & Marais, 1994).

Theoretical validity is the clarity, relevance and scope of concepts that will be covered and addressed in the literature review (Mouton & Marais, 1994). In line with this requirement, the theoretical validity will be covered in chapter 2 and will provide a conceptualisation of leadership and organisational climate. This was drawn from applicable literature in an attempt

to remove the subjective choice of constructs, concepts and dimensions from this research study.

1.6.4.2 Reliability

According to Christensen (1997), reliability refers to consistency or stability.

In the literature review, reliability was addressed by using existing literature sources, theories and models that are accessible to other academics and researchers.

Reliability in the empirical research was addressed by using a large and representative sample of the population and determining the reliability of the instrument. The data gathering techniques ensured anonymity to enhance the accuracy of the responses and a sufficiently large participation rate.

1.7 THE RESEARCH METHOD

The research method was divided into two phases, namely the literature review and the empirical study.

1.7.1 Phase 1: the literature review

The literature review consisted of three steps and is depicted below in figure 1.2.

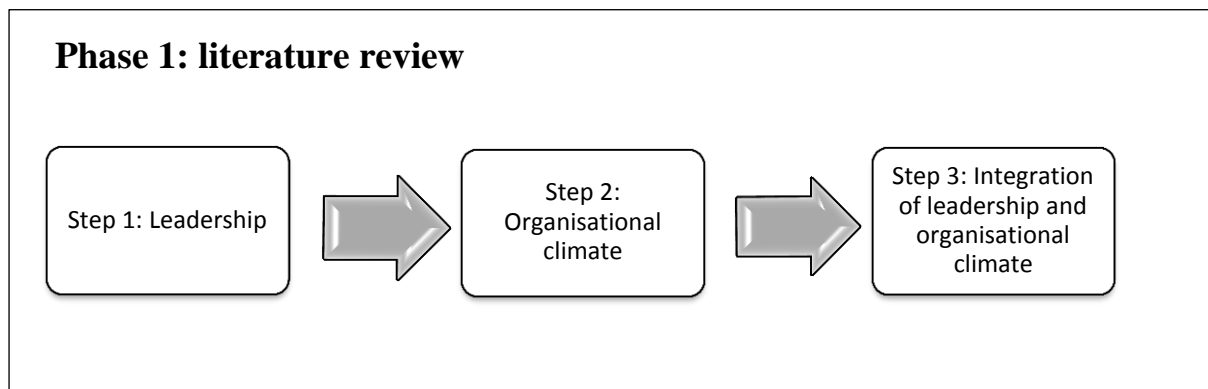


Figure 1.2: Process flow diagram for phase 1 (literature review) of the research

Step 1: Conceptualise leadership from a theoretical perspective.

Step 2: Conceptualise organisational climate from a theoretical perspective.

Step 3: Conceptualise the theoretical relationship between leadership and organisational climate.

1.7.2 Phase 2: the empirical study

The empirical study consisted of nine steps and is illustrated in figure 1.3 below.

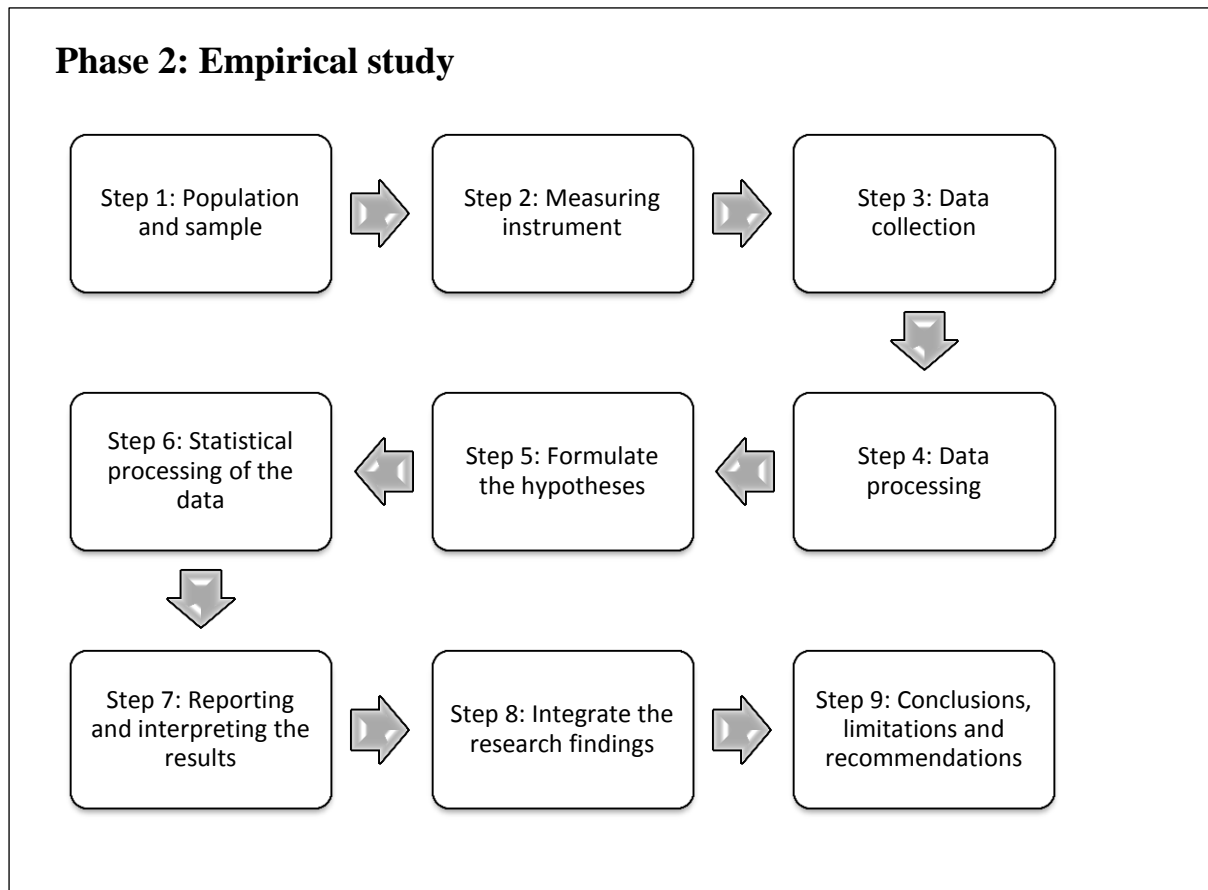


Figure 1.3: Process flow diagram for phase 2 (empirical study) of the research

Step 1: determining and describing the sample

The population comprised 3700 employees in an FMCG organisation. The employees were located across South Africa. All the employees had the opportunity to participate in this research. From an ethical perspective, the researcher obtained permission from the human resources director in the company.

Step 2: selecting the measuring instruments

A questionnaire containing biographical questions pertaining to race, gender and ethnicity was used to measure organisational climate and its dimensions, including leadership.

The FMCG organisation in which the research was conducted had an instrument that is used annually to measure organisational climate. The reliability and validity of the survey was determined.

Step 3: data collection

The data were gathered during scheduled group facilitated sessions. Participants were required to complete a paper-based questionnaire. The questionnaires were available in English, Zulu, Sotho and Xhosa and did not require the participants to reveal their names. Each questionnaire was accompanied by an envelope and confidentiality sticker. Once the participant had completed the questionnaire, he/she placed it in a sealed envelope and used the sticker to reinforce the seal. The HR practitioner facilitating the session collected the returned envelopes. Once the envelopes had been counted and the declaration form signed, the sealed envelopes were transported to head office. The administrator at head office consolidated and accounted for each envelope. The unopened envelopes were couriered directly to the external research analyst for analysis and reporting.

Step 4: data processing

The sealed envelopes were opened and each questionnaire response captured on an electronic spreadsheet format. All the data were analysed by means of statistical analysis, using the SPSS statistical package.

Step 5: formulating the research hypotheses

The research aims were formulated from the central hypothesis to determine whether a relationship exists between leadership and organisational climate.

Step 6: statistical processing of the data

The statistical analyses were completed by means of the SPSS version 20, AMOS version 20 statistical program (2011). Explanatory factor analysis was used to investigate the structure, and the statements were grouped into a new set of dimensions. The Cronbach alpha was used to determine the internal reliability of the items in each factor. The structural equation modelling (SEM) multivariate analysis technique was used to determine and confirm the relationship between the constructs of organisational climate, and the variable, leadership.

Step 7: reporting and interpreting the results

The results were presented in tables, diagrams and graphs. A discussion of the findings was presented in a systematic framework to ensure that the interpretation of the findings was conveyed in a clear, concise and articulate manner.

Step 8: integrating the research findings

The results of the empirical research were integrated into the findings of the literature review.

Step 9: formulating the research conclusions, limitations and recommendations

Conclusions were drawn on the basis of the results of the research and the results were integrated with the theory. The limitations of the research were discussed and recommendations made for future research in terms of organisational climate and leadership in the workplace.

1.8 CHAPTER LAYOUT

This dissertation consists of four chapters in total.

Chapter 1: Scientific orientation to the research

This chapter provided the background to and rationale for the research study. The purpose of this study was to investigate whether a relationship exists between leadership and organisational climate in an FMCG organisation in South Africa. It also explained the paradigm perspective, the research design, the research method and the research process flow. The chapter concluded with an outline of the remaining chapters.

Chapter 2: Literature review: leadership and organisational climate and leadership

The purpose of this chapter is to conceptualise the constructs of leadership and organisational climate. The metatheoretical and conceptual foundations of leadership and organisational climate will be discussed. The various theoretical approaches to leadership and organisational climate will be presented. The dimensions of organisational climate will be investigated. The chapter concludes with an exploration of the relationship between leadership and organisational climate.

Chapter 3: Journal article

This chapter provides a holistic view of the entire research study. Firstly, research relating to leadership and organisational climate will be discussed and the research questions driving the research presented as well as the potential value-add of this study. The research design will then be outlined, followed by a discussion of the results. The chapter will conclude with a summary and integration of the research findings, highlighting the managerial implications, limitations and recommendations.

Chapter 4: Conclusions, limitations and recommendations

The final chapter will integrate the findings and draw conclusions. The limitations of the study will be explained and recommendations made for the field of industrial and organisational psychology. The recommendations will be discussed from an applied perspective as well as in terms of further research. The chapter will conclude with comments integrating the research.

1.9 CHAPTER SUMMARY

This chapter provided the context of and rationale for this research study. The problem statement, the research aims, paradigm perspective, research design, research method and chapter layout were discussed.

Chapter 2 will provide the background to and conceptualisation of leadership as the independent variable and organisational climate as the dependent variable. The relationship between these two variables will then be explored. The importance of organisational climate and its dimensions will be investigated.

CHAPTER 2

LITERATURE REVIEW: LEADERSHIP AND ORGANISATIONAL CLIMATE

This chapter defines leadership and organisational climate in terms of the research aims. Leadership and organisational climate and their dimensions are explored in more detail. The relationship between leadership and organisational climate is discussed. This chapter also aims to foster an in-depth understanding of the impact of leadership on an organisation's climate.

2.1 BACKGROUND TO AND REASON FOR STUDYING LEADERSHIP

Schwartz (1980) provides an interesting perspective by stating that one of the most interesting observations of life is that all animals that live in groups have leaders. This applies, inter alia, lions, elephants, baboons and other primates, insects, dogs, birds and fish. This emphasises the fact that leadership is not restricted to only humans, but is in fact a universal phenomenon that extends beyond the boundaries of human behaviour. In animal groups, the need for strong leaders to protect the group in the event of attack is high, as in the case of lions. In addition, strong animal leaders ensure the survival and continued existence of the group by ensuring that they are the only ones to mate with female members, thereby ensuring that their descendants inherit their strong genes (Myeni, 2010).

Another concept in animal groups is the pecking order, which is a hierarchical system of social organisation which dictates the relationship between members of a group. This is the fundamental concept of social stratification and social hierarchy which is shared with human groups and organisation (Myeni, 2010). The primary reason of the formation of the pecking order (among animals) is to identify who the most senior leaders are and where the remainder fit in. The establishment of the dominance hierarchy is believed to reduce the occurrence of conflict as each member understands the protocols to be followed during feeding or mating (Myeni, 2010). A typical fast-moving consumable goods organisational structure would have the managing director at the top of the pyramid. He/she provides the strategic direction for the organisation, and reporting directly to this role is a board of directors, who in turn have executive managers who are responsible for the operationalisation of the business strategy. Below the executive managers, are senior managers, middle managers, front-line managers

and frontline employees. Another approach to this hierarchy is the inverted pyramid with the customer as the primary focus and all activities aligned to providing excellent customer service (Ulrich, 2012). Schwartz (1980) postulates that when a group is formed for a specific purpose, leadership becomes a common factor. According to Ismail, Mohamed, Suliman, Mohamad, and Yusaf (2011), leadership is critical in ensuring organisational competitiveness and growth in the global economy. It is also evident from the large body of leadership research that leadership is receiving more attention as organisations operate in an ever-changing environment and try to find new ways to remain effective.

2.2 THE DEFINITION OF LEADERSHIP

The discussion above highlights that the fact that leadership predates humans, and according to Wren, Hicks, and Price (2004), it is as old as civilisation itself. Prophets, priests, kings and chiefs served as leaders for their people. Nevertheless, the study of and interest in leadership grew considerably from the early 20th century onward, predominantly because of the growing number of organisations and the emergence of professional academic disciplines in the social sciences where the study of leadership at organisations was investigated by utilising social methodologies (Wren et al., 2004).

The concept of leadership is complex and a review of literature highlights the large body of research that exists on leadership as well as a multitude of definitions (Van Niekerk, 2011). According to Munsamy (2007), there is little consensus on the definition of leadership, but the main reason for this is that researchers and authors of leadership approach the concept from different disciplines (sociology, political science, psychology, management, organisational theory and biblical science), and authors therefore tend to be influenced by their theoretical orientations (Myeni, 2010). Hence in this study, leadership will be defined and approached from various perspectives relevant to this research.

The traditional perspectives view leadership as inducing compliance, respect and cooperation. The leader uses power and influence to gain the cooperation of his/her followers and the role of the leader is to set objectives and ensure that these are achieved (Anderson, Ford, & Hamilton, 1998). An alternative view is that of Maxwell (1999), who argues that the leader's focus is on the investment in people as opposed to output from people, which will foster positive relationships that improve labour productivity.

The emphasis then shifts to the motivation, empowerment and inclusion of followers. Jaques and Clement (1991) define leadership as a process whereby an individual sets direction for other people to follow and then takes them along in the direction with competence and full commitment.

In the contemporary context, leadership is defined as the art of transforming people and the organisation to effect positive change. Leaders develop respect, appreciation and care for their followers and acknowledge them as a powerful source of knowledge, innovation and performance required to enhance the organisation's performance and growth (Oyetunji, 2006).

In the African context, Mbigi (2004) indicates that is critical to understand the cultural paradigms that influence the way leadership is viewed. Baicher (2005) argues that we can only view what our cultural paradigms allow us to view. This has profound implications for leadership theory and research. African leadership is characterised by a focus on people, their dignity and the collective unit and its brotherhood, commonly referred to as *Ubuntu* (Baicher, 2005). It highlights supportiveness, cooperation and solidarity (Khoza, 2000).

For the purpose of this study, leadership is defined as a process in which an individual influences a group of individuals to achieve a common objective (Northouse, 2001). From this definition it is clear that leadership occurs within a specific paradigm.

Firstly, leadership is a *process* in that both the leader and followers (or group) participate and engage one another to co-create outcomes. This indicates that both parties, instead of only the leader, provide input (Northouse, 2001; Tosi, Mero, & Rizzo, 2000).

Secondly, leadership entails *persuasion* and *influence*, that is, the leader influences the behaviour of the followers. According to Northouse (2001), influence is at the heart of leadership, and where influence does not exist, leadership cannot work.

Thirdly, leadership occurs within a *group* setting. The leader influences the behaviour of the group (comprising followers) in order to achieve certain outcomes. This suggests that the engagement between the leader and the group will impact on the achievement of the particular outcomes that need to be achieved.

Fourthly, leadership is concerned with the achievement *objectives* or *goals*. This indicates a particular goal, and the group is transformed to wanting to achieve the common goal. The term “common goal” implies that there is a sense of agreement and ownership of the objective to be achieved (Northouse, 2001).

Fifthly, every group requires a *leader*. The basic principle of leadership is that the leader is at the core of the leadership conundrum. The expectation of the leader is to initiate and influence the process of leading the group in order to achieve the established goal (Van Eeden, 2005). The successes and failures of the group will rest squarely on the leader’s shoulders (Myeni, 2010).

2.3 APPROACHES TO LEADERSHIP

Bass and Stogdill’s *Handbook of leadership* (Bass, 1990) provides an overview of the definitions of leadership as well as how definitions of leadership are related to different approaches to leadership. These different approaches to leadership are viewed as

- personality and its effects
- a type of behaviour
- a mechanism for achieving a goal or set of goals
- a differentiated role or position
- the ability to induce compliance
- a combination of some of the features highlighted above

As discussed previously, there are various approaches (both traditional and contemporary) to the study of leadership, and for the purpose of this study, the following approaches will be discussed: the trait approach, the behavioural approach, the situational or contingency approach, the neocharismatic approach and the African approach. The organisational climate survey contains statements relating to these leadership approaches. The participants in the study were from the various race groups in South Africa and exploring African leadership was relevant.

2.3.1 The trait approach to leadership

This approach to leadership proposes a combination of certain traits which enable an individual to be a successful leader. Leadership is seen as “a combination of traits that enables an individual to induce others to accomplish a given task” (Teed in Bass, 1990, p. 12). The traits influence the manner in which the group regards the leader. For example, when Margaret Thatcher was prime minister of Great Britain, she was renowned for her leadership and described as confident, iron-willed, determined and decisive. The drawbacks to the trait approach to leadership are as follows: it discounts the needs of the group (or followers); it generally fails to clarify the relative importance of different traits; the cause-and-effect relationship between the trait and leadership is unclear (e.g. do self-confident leaders possess this trait, or has their success as a leader resulted in self-confidence?); it is difficult to train people with fixed traits; and it ignores situational factors (Robbins, 1997).

According to Robbins and Judge (2011), early research attempts to identify leadership traits produced a number of dead ends, and in the late 1960s, a review of 20 various studies isolated approximately 80 leadership traits, although only five were common to four or more of the investigations. By the 1990s, after several studies and analyses, the summation was that most leaders are “not like other people”, and that the specific traits that characterised them varied widely from one review to the next. The study of trait theories progressed when researchers began to organise traits around the Big Five personality framework. Almost all of the traits in various leadership reviews fit into one of the Big Five, providing strong support for traits as predictors of leadership. A full review of leadership literature, when arranged around the Big Five, posits that extroversion is the most significant trait of effective leaders, but more strongly related to leader emergence than to leader effectiveness. Conscientiousness and openness to experience, unlike agreeableness and emotional stability, indicate a strong relationship with leadership. In a nutshell, the trait approach posits that effective leaders have the ability to assert themselves (extroverted), they are disciplined and adhere to the commitments and plans in place (conscientious) and they are creative and flexible (open). Another trait that may allude to effective leadership is emotional intelligence, which has empathy at its core. Leaders who demonstrate empathy, care for their followers and this inspires them and increases their commitment to their leader (Nagy, 2008).

According to Northouse (2001), the key difference between the trait approach and behavioural approach is that the former emphasises the leader’s personality and characteristics, while the

latter emphasises how the leader behaves towards his/her followers. In a nutshell, the trait approach studies the leader, whereas the behavioural approach studies the leader's behaviour (Bovaird & Löffler, 2003). The implication of this approach to leadership is the fundamental premise that leadership can be acquired by any person through training and that the role of followers is emphasised and relates to the conduct of leaders (Myeni, 2010).

2.3.2 The behavioural approach to leadership

The next approach is the behavioural approach and for the purpose of this study, only three of the theories will be discussed. It is worth mentioning that this approach was evident in the US leadership context, and was therefore influenced by the social and political landscape of that time. For example, the behavioural approach to leadership emerged in the 1940s during which the US Army had a shortage of the type of successful leaders defined by the personality trait approach because the USA was being drawn into the Second World War (Maurik, 2001). This approach to leadership meant that the supply of leaders could be expanded, and that through training, there would be an infinite supply of effective leaders (Robbins, 1997).

2.3.2.1 Ohio State University leadership model

According to Robbins (1997), the most comprehensive and replicated behavioural theories emanated from the research conducted at Ohio State University in the late 1940s.

Commencing with more than 1800 dimensions of leader behaviour, the researchers reduced the list to 150 definite leader behaviours, and provided two discrete categories in which these definite leader behaviours resided. These two dimensions were labelled *initiating structure behaviour* and *consideration behaviour* (Clark & Tudor, 2006). Initiating structure is the extent to which a leader provides clear structure (organises work, working relationships and goals) for the leader's role and the followers' role. Consideration relates to the aspect of behaviour that indicates mutual trust, respect, warmth and rapport between the leader and the group. The leader tends to have a friendly and approachable manner, mobilises the group and treats members equally. Consideration is also concerned with the leader establishing high-

quality relationships with subordinates and gaining the respect of the group (Clark & Tudor, 2006).

The following leadership styles are evident:

- Low structure and high consideration characterise leaders who share the process of decisionmaking with their subordinates using two-way communication (Myeni, 2010)
- Low structure and low consideration describe a leader who is weak on both dimensions and is unable to provide the structure the group requires in order to accomplish the goal. This leader lacks compassion or warmth for his/her followers (Myeni, 2010).
- High structure and low consideration are consistent with a leader who tends to provide direction and structure without the establishing rapport or displaying care for his/her followers. The main focus is primarily on the task, and subordinates are required to carry out instructions (Myeni, 2010).
- High structure and high consideration are regarded as the ideal leadership behavioural style. The leader is able to achieve the optimum context where the followers are fully engaged and highly productive. This denotes a win-win situation (Myeni, 2010).

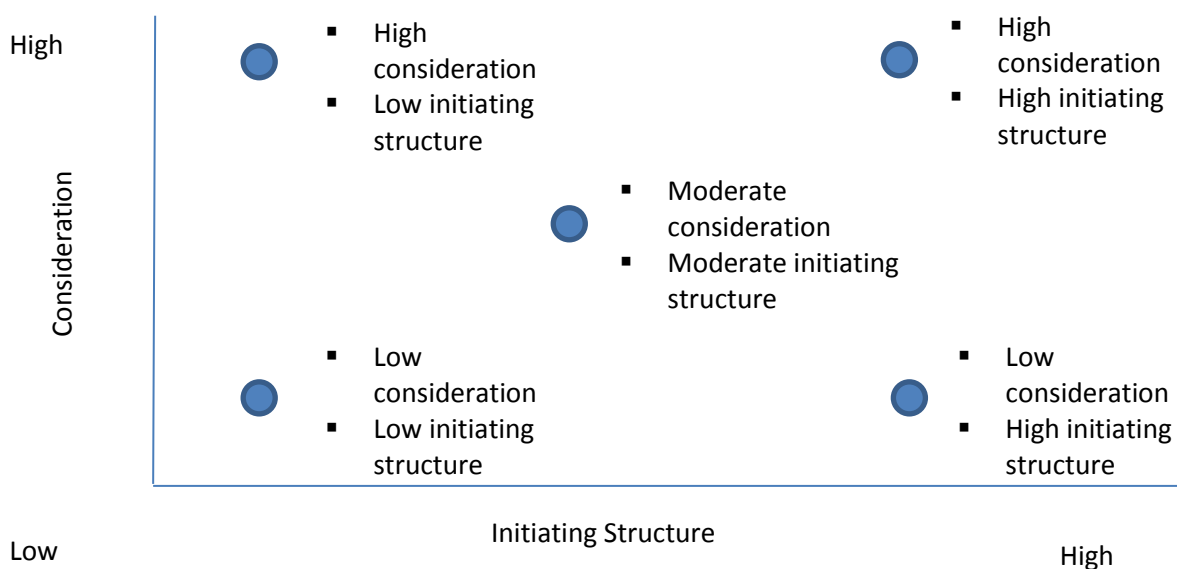


Figure 2.1: Key dimensions of leadership behaviour (Greenberg & Baron, 1993, p.444)

2.3.2.2 University of Michigan leadership model

This model identified two leadership styles, namely the job-centred and the employee-centred leadership style. The job-centred style meant that the leader was concerned with the work to be performed and decided on the direction and plan, while the subordinates followed the instructions. The role of the subordinates was to work according to the plan without providing input into the plan (Robbins, 1997). The employee-centred leadership style emphasised the welfare of the followers and the role of the leader would be to meet the needs of the employees and develop relationships based on trust, respect and care. The leader would ensure that his or her subordinates were satisfied with the working conditions and treated with dignity and respect (Myeni, 2010).

2.3.2.3 Blake and Mouton's leadership grid

The leadership grid model was developed by Blake and Mouton of the University of Texas and published in 1964. The Michigan and Ohio leadership models provided the basis for the leadership grid model. The same dimensions can be seen in both the Ohio model and the Blake and Mouton's model, although these dimensions are known as *concern for production* and *concern for people* in the latter model (Brewster, Carey, Dowling, Grobler, Holland, & Warnich, 2003). The two dimensions of concern for production and concern for people are assessed from 1 to 9, and provide a set of combinations which can then be plotted on the grid. The leadership grid model has the following five leadership styles: (1) The impoverished leader has a low concern for production and a low concern for people; (2) The authority-compliance leader has a high concern for production and will ensure that the task is complete although this may be at the expense of the people; (3) The country-club leader has a high concern for people and creates a friendly work environment but will have a low concern for production; (4) The middle-of-the-road leader has a moderate concern for production and a moderate concern for people; and (5) The team leader is described as the most effective leadership style in that he/she demonstrates high concern for both production and people. The leader sets high standards and has employee personal commitment and realisation of the goal.

This means that production is high and employees are fully engaged in their work (Brewster et al., 2003).

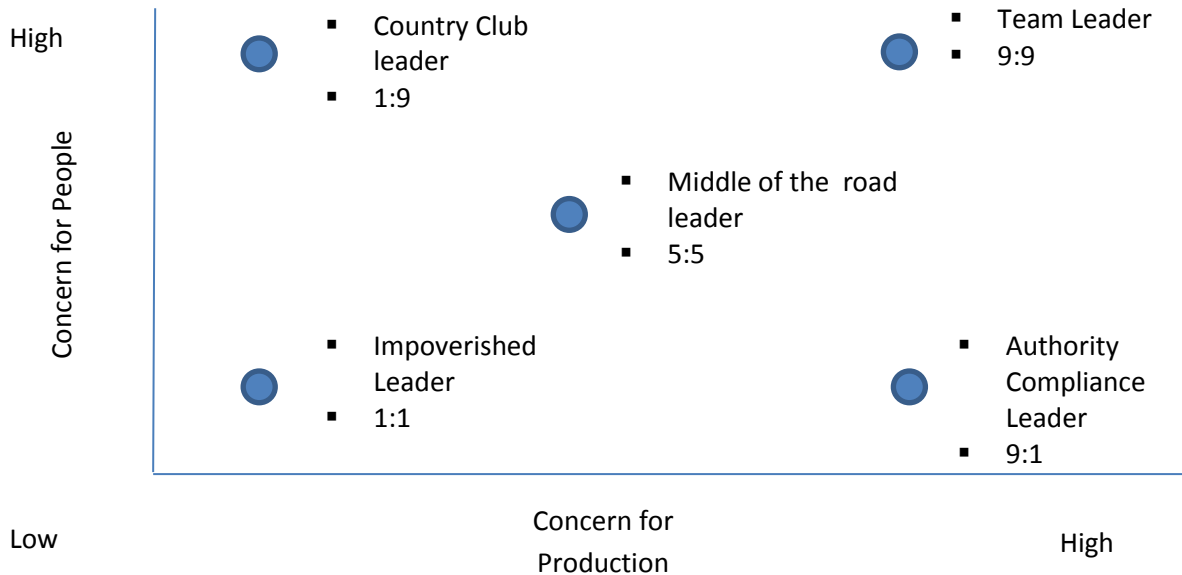


Figure 2.2: Blake and Mouton's leadership grid model (Bush & West-Burnham, 1994 p.57)

In general, the behavioural approach had moderate success in identifying reliable relationships between certain leadership behaviours and group performance. What appeared to be omitted from the research was the impact of situational variables on success or failure. Hence several approaches were developed in an attempt to determine and isolate the situational variables that influence the effectiveness of the interaction between the leader and follower (Bergh & Theron, 2003).

2.3.3 The contingency approach to leadership

Contingency theories recognise that predicting leadership effectiveness is more intricate than isolating leadership traits or desirable leadership behaviour (Robbins et al., 2009).

Contingency theorists argue that the leadership type required is determined by the situation and that these situations comprise a number of different factors. These factors include the

degree of structure of the task that is being performed, the quality of the leader-member relations, the leaders' positional power, the subordinates' role clarity, group norms, the availability of information, subordinates' acceptance of leaders' decisions and the maturity of subordinates (Robbins et al., 2009).

2.3.3.1 The Fiedler model

This model has been described as the first comprehensive contingency model for leadership that was developed by Fred Fiedler (Brewster et al., 2003). Fiedler's model approached leadership theory from the basis that proposes that leader effectiveness is dependent upon alignment between the leader's style of interacting with his or her subordinates and the degree to which the situation provides control and influence for the leader. This implies that certain leaders will outperform their counterparts in one situation, but may fail in a different situation. Furthermore, Fiedler's model states that personality traits, the behaviour of the leader and the nature of the situation in which the leader operates (including the type of followers) need to be understood (Griffin, 2005).

Fiedler posits that each leader possessed a basic leadership style, and to identify this style, the Least Preferred Co-worker (LPC) questionnaire was developed (Brewster et al. 2003). The questionnaire requires respondents to call to mind all the colleagues they have worked with previously and then describe the one individual they least enjoyed working with by rating him/her on a scale of 1 to 8 for each of the 16 sets of contrasting adjectives. An assessment of the answers provided indicates a leader's basic leadership style. If the least preferred colleague is described in a relatively positive terms (a high LPC score), then the respondent is fundamentally interested in establishing and maintaining good personal relations with the colleague and would therefore be described as *relationship oriented*. However, if the least preferred colleague is described in relatively negative terms (a low LPC score), then the leader is primarily concerned with productivity and would be described as *task oriented* (Robbins, 1997).

The assumption is that an individual's leadership style is constant and fixed. The implication of this stance is that if a situation requires a task-oriented leader, and the individual in the leadership role is relationship oriented, the two options are (1) the situation needs to be altered, or (2) the leader needs to be replaced by an individual with the same leadership style

as the situation to ensure optimal effectiveness. Fiedler argues that an individual's leadership style is inherent and cannot be altered to fit the situation (Robbins, 1997). In addition, in order for a leader to be effective, the following three key situational factors are required:

- leader-member relations: the degree of confidence, trust and respect followers have in their leader
- task structure: the degree of structure of work assignments
- position power: the degree of influence and decision making a leader possesses over factors such as employee appointment, termination, discipline, promotion and compensation increase

The next requirement in the Fiedler model is to assess the situation in terms of the above-mentioned three contingency variables. The leader-member relations are rated as either good or bad, task structure as either high or low and position power as either strong or weak. Hence the stronger the leader-member relations, the more structured the work and the stronger the position of power would result in a leader having higher control and influence (Robbins, 1997). Hence with an understanding of an individual's LPC and assessment of the three contingency variables, a fit is required to achieve optimum leadership effectiveness.

The cognitive resource theory was an update (by Fiedler and Garcia) of Fiedler's contingency model. This theory is a "person-by-situation interaction theory in which the person variables are leader intelligence and experience, and the situational variable is stress experienced by leaders and followers" (House & Aditya, 1997, p.421). The two key assumptions are, firstly, that intelligent and competent leaders devise more effective plans, decisions and action strategies than less intelligent and less competent leaders; and secondly, leaders communicate their plans, decisions and strategies through directive behaviour (Robbins, 1997). Fiedler and Garcia then indicated that stress and cognitive resources such as experience, tenure and intelligence have significant influences on a leader's effectiveness. The core of this theory can be categorised into the following three principles: (1) directive behaviour leads to good performance only if it is linked to high intelligence in a supportive, low stressful leadership environment; (2) in highly stressful situations, there is a positive correlation between experience and job performance; and (3) the leader's intellectual abilities correlate with group performance in situations that the leader views as not stressful. At this juncture, it is important to note that the organisation in which this research study was conducted was perceived as a highly stressful working environment.

2.3.3.2 Hersey and Blanchard's situational theory

Hersey and Blanchard's situational leadership theory is a contingency theory that focuses on the followers. According to the theory, the correct selection of the leadership style is determined by the followers' readiness (Ivancevich & Matteson, 2002). The emphasis on the followers in leadership effectiveness highlights the fact that it is the followers who accept or reject the leader. The term "readiness" refers to the extent to which individuals have the ability and willingness to perform a certain task. Hersey and Blanchard's situational theory, like Fiedler's model, draws on the dimensions of task and relationship behaviour, but it also classifies these dimensions as either high or low and combines them into the following four specific leader behaviours (Robbins, 1997):

- *Telling (high task-low relationship)*. The leader defines the roles and tells the followers what is required of them, when it is required and where to perform the various tasks. This emphasises a directive style.
- *Selling (high task-high relationship)*. The leader provides the followers with both directive and supportive behaviour.
- *Participating (low task-high relationship)*. The leader and follower both assume decision making and the primary role of the leader is that of a facilitator and communicator of information.
- *Delegating (low task-low relationship)*. The leader provides little direction or support to the followers.

Follower readiness is categorised into the following four stages:

- R1 is described as readiness of people who are both unable and unwilling or too insecure to assume responsibility for the task, owing to a lack of competence or confidence.
- R2 is defined as readiness of people who are unable but willing to perform the necessary tasks, and although they are motivated, they lack the appropriate skills, knowledge or ability.
- R3 is characteristic of people who are able but unwilling or apprehensive to perform the required task. They possess the necessary competence but are not motivated or are too cautious.

- R4 is described as readiness of people who are both able and willing to perform the task. These followers are both competent and motivated.

A critical review of both Hersey and Blanchard's situational theory and the Blake and Mouton's leadership grid highlights the similarities between these two models. The telling style reflects the authority-compliance leader; the selling style is similar to the team leader; the participating style matches the country-club leader; and the delegating style is similar to the impoverished leader. However, Hersey and Blanchard contend that the grid focused on *concern* for production and *concern* for people, which are attitudinal dimensions, and conversely, situational leadership emphasises task and relationship *behaviour* (Robbins, 1997).

2.3.3.3 The Path-Goal theory

The path-goal theory is derived from the view that the leadership style that is appropriate to the situation will maximise performance and job satisfaction (Griffin, 2005). This theory is aimed at increasing the motivation of followers to accomplish goals, whereby leadership is the act of empowering subordinates to achieve their goals through the elimination of any obstacles or challenges they encounter. According to Northouse (2001), the purpose of the path-goal theory is to improve employee morale and motivation which is expected to result in higher productivity. The assumption is that motivated employees are happy (satisfied) people who are willing and able to perform at optimal levels (increased productivity) (Myeni, 2010).

A leader's behaviour is *acceptable* to followers to the extent to which it is seen by the followers as an immediate source of satisfaction or as a means of satisfaction in the future. In addition, a leader's behaviour is *motivational* to the extent that it creates a subordinate need satisfaction reliant on effective performance and offers the guidance, coaching, support and rewards necessary for optimal performance. The four identified leadership behaviours are as follows: (1) the directive leader who provides clear direction to his/her followers, sets expectations, schedules work that is required to be performed and provides clear guidelines on how the work should be done; (2) the supportive leader, who is warm and considerate and demonstrates concern for his/her follower's needs; (3) the participative leader who engages with subordinates to gain their input before decision making; and (4) the achievement-

oriented leader, who establishes challenging goals and requires his/her followers to perform at the optimal level. In contrast to Fiedler's outlook of a leader's behaviour, House suggested that leaders are flexible in their style and are able to demonstrate behaviours as required by the specific situation (Robbins, 1997).

The path-goal theory states that there are two classes of situational or contingency variables that moderate the leadership behaviour outcome relationship: firstly, the variables in the environment that are external to the control of the follower (task structure, the formal authority system and the work group); and secondly, the variables that are part of the personal characteristics of the followers such as locus of control, experiences and perceived ability. The type of leader behaviour required for the subordinate outcomes to be optimal is determined by environmental factors. The personal characteristics of the subordinates define how the environment and leader behaviour are understood (Robbins, 1997). A number of hypotheses have emerged from path-goal theory, and the most applicable ones for the organisation in which this study was conducted were as follows:

- Directive leadership leads to greater satisfaction when tasks are ambiguous or stressful than when they are highly structured and well defined.
- Supportive leadership results in high employee performance and satisfaction when subordinates are performing structured tasks.
- Directive leadership is likely to be perceived as redundant among subordinates with high perceived ability or with considerable experience.
- Subordinates with an internal locus of control will be more satisfied with a participative style.

The most significant contribution of the contingency theory is that it provided a **system approach** to theory of leadership by stating that leadership comprises various components or variables that require consideration before the correct leadership style can be adopted (Wright, 1996). These variables were categorised into three dimensions, namely leader, subordinates and the type of work required to be performed (situation or environment). The contingency approach therefore views leadership theory from the perspective of incorporating the leader, the subordinates and the working environment. Despite the contribution that contingency theory made, the contingency theories have not provided a common paradigm that can be applied universally (Myeni, 2010).

2.3.4 The neocharismatic approach to leadership

The neocharismatic theories of leadership have three similar themes, namely: (1) there is an emphasis on the symbolic and emotionally appealing behaviours of effective leaders; (2) an explanation is provided of how it is possible for certain leaders to achieve high levels of follower commitment; and (3) less focus is placed on theoretical complexity (Robbins et al., 2009). Three neocharismatic theories will be discussed below.

2.3.4.1 Charismatic leadership theory

Charismatic leadership theory was initially developed by Weber in 1947 and refined by House in the 1970s, at approximately the same time as transformation leadership emerged (House & Aditya, 1997). According to Robbins (1997), charismatic leadership theory is an extension of attribution theory. Charismatic leadership theory postulates that followers attribute heroic or extraordinary leadership abilities to a leader when they have witnessed specific behaviours and the followers provide personal recognition of their leader. Research conducted on charismatic leadership has predominantly focused on identifying specific behaviours that differentiate charismatic from non-charismatic leaders. A number of leaders have been identified as charismatic leaders, namely John F. Kennedy, Martin Luther King Jnr, Walt Disney, Steve Jobs and Nelson Mandela (Robbins et al., 2009).

Charisma is described as the most superior form of transformational leadership or attribute of transformational leadership (Conger, 1999). Yukl (1999) argues that transformational and charismatic leadership are not the same and the concepts should not be used interchangeably. He (1999, p.294) states that the most suitable way to define charisma “is in terms of attributions of charisma to a leader by followers who identify strongly with the leader”.

In the 1970s, House developed a theory of charismatic leadership that was an extension of the initial theory established by Weber (Steers, Porter & Bigley, 1996). According to House’s theory, various traits of charismatic leaders can be identified, the type of behaviour they demonstrate can be identified, and finally, the way in which leaders emerge can be identified (Steers et al., 1996). Furthermore, House recognised three personal characteristics of the

charismatic leader, namely extremely high confidence, dominance and strong convictions about his/her beliefs (Robbins et al., 2009).

Research into 90 of the most effective and successful leaders in the USA identified the following four common competencies: the leaders possessed a compelling vision or sense of purpose; they could articulate that vision in a clear manner which enabled their followers to identify with the vision; they displayed consistency and focus in the pursuit of their vision; and they understood their own strengths and capitalised on these strengths (Robbins et al., 2009).

According to Conger (1999) charismatic leaders possess an idealised goal that they wish to achieve; they have a strong personal commitment to their goal; and they are viewed as unconventional, assertive and self-confident.

2.3.4.2 Transformational leadership theory

The aim of this section is to discuss the value of the transformational approach to the study of leadership. This theory, like the trait, behavioural and contingency approaches, is also leader focused. It therefore analyses the role of the leader in the leadership equation that was presented in the definition of leadership earlier in this chapter (see section 2.3). According to Robbins and Judge (2011), the majority of leadership theories are concerned with transactional leadership in which the leaders provide guidance and motivation for their followers to achieve set goals by clarifying their roles and task requirements. Conversely, transformational leadership is concerned with values, ethics, standards and long-term goals (Northouse, 2001). To transform or change an organisation or unit in the organisation, a clearly defined shared vision should be articulated by the leader and the personal commitment (through their heads, hands and hearts) of the followers gained to allow for the achievement of the new objectives. According to Lussier and Achua (2004, p.355), “transformational leadership focuses on a leader’s transforming abilities, rather than on personal characteristics and follower relationships. Transformational leaders are known for moving and changing things ‘in a big way’, by communicating to followers a special vision of the future, tapping into followers’ higher ideals and motives.”

According to Northouse (2001), the term “transformational leadership” was first introduced by Downton in 1973, after which it became popular as a result of the work of Burns, *Leadership*, which was published in 1978. Burns was interested in how certain leaders such as Gandhi and King Jr. possessed the ability to appeal to the aspirations of their followers with such energy and alacrity, that both the leader and the followers were thus able to increase the level of motivation and morality. For example, Gandhi’s intense desire to raise the hopes, respect and demands of millions of Indians ultimately led to their liberation from colonialism, and in the process, Gandhi himself was transformed.

At the heart of the transformational leadership theory is the basic belief that the role of the leader is to energise followers to transform to a new paradigm by appealing to things that are fundamental to their existence (Tosiet al., 2000). Nelson Mandela is another example of a transformational leader who fought for an ideal he believed in. After his release from prison, was able to mobilise his people to demand democratic elections. That process changed the South African people from one paradigm to another, and as a result, the first democratic elections were held in 1994 and Nelson Mandela elected as the president of the Republic of South Africa (Gerzon, 2006).

Max Weber conceptualised charisma in the following manner: “[C]harisma is a special personality characteristic that gives a person superhuman or exceptional powers and is reserved for a few, is of divine origin, and results in the person being treated as a leader” (Northouse, 2001, p.133). As mentioned earlier, charismatic leaders have the ability to create a shared vision which magnetises and energises followers to realise the vision articulated by the charismatic leader (Myeni, 2010). Some writers contend that the terms “charismatic” and “transformational”(leadership) can be used interchangeably and mean the same thing (Lussier & Achua, 2004). However, others writers identify basic differences between the two concepts although there is a widely held view that charismatic leaders are by nature transformational, but not all transformational leaders are charismatic.

2.3.5 The African approach to leadership

African leadership is built on participation, duty and spiritual authority, and requires transparency, accountability and legitimacy (Van der Colff, 2003). Leaders are role models who demonstrate personal commitment to the values and goals established in the organisation

and have the ability to create a compelling vision and achieve the enthusiasm and personal commitment of the group (Baicher, 2005).

The six fundamental values in African leadership are as follows:

- (1) Respect for the dignity of others is vital.
- (2) Group solidarity as an injury to one is an injury to all.
- (3) Team work in that group is greater than the individual.
- (4) Service to others in the spirit of peace and harmony is essential.
- (5) Interdependence and connectedness are important.
- (6) Persuasion is vital.

Van der Colff (2003) further states that effective and successful leaders are able to articulate a compelling vision through enthusiasm and gain personal commitment from their followers.

The concept of *Ubuntu* in African leadership is pivotal. It emphasises the collective brotherhood of humankind and is characterised by the independence of humanity, human dignity and respect and allows for consensus, democracy, people mobilisation, solidarity and genuine care (Mbigi, 2004).

The fundamental values of African leadership listed above will be expanded on in this section. Mbigi (2004) argues that the hallmark of African leadership traditions and practices is democracy, which accommodates minority positions to ensure that the highest level of justice is achieved. Key elements of this leadership approach include compromise, persuasion, discussion and accommodation, active listening and freedom of speech.

One criticism of African leadership is the fact that it is not yet supported by sufficient empirical research (Baicher, 2005). However, this leadership approach has significant relevance for African countries, South Africa included.

2.4 THE IMPORTANCE OF LEADERSHIP

Sparked by new technologies, especially the internet, organisations operating in the 21st century are experiencing radical transformation that has been described as “nothing less than a new Industrial Revolution” (Casio, 2010, p.3). The difference now is that the revolution extends to every corner of the globe and, in the process, to the rules established by Alfred P. Sloan Jr (the legendary chairman of General Motors), Henry Ford, and other Industrial Age

leaders. The 21st-century organisation that emerges will in many respects be in stark contrast to the organisations that played a role in their shaping (Casio, 2010).

The traditional organisational structure depicted as a pyramid is changing, with a reduction in the number of layers in the structure. The 21st-century organisation, by contrast, is more likely to assume the shape of a web recognised by its flat, intricately woven form that links partners, employees, external suppliers and customers in various collaborations. The stakeholders will become increasingly interdependent, and managing this intricate network will be as critical as managing the internal operation of the organisation (Casio, 2010).

Intellectual capital will be fundamental to the success of the organisation. The benefit of providing cutting-edge products to the market first will be reduced as technology will allow competitors to match or enhance new products almost instantaneously. Organisations will be required to develop new strategies for attracting and retaining the best thinkers and possess a deep reservoir of talent to succeed in this new era. In addition to attracting and retaining key talent, organisations will be required to create cultures and reward systems that keep the best minds engaged. The previous command-and-control hierarchies are diminishing and being replaced by organisations that empower large numbers of people and reward them as if they owned the business (Casio, 2010).

According to Kungis (2006), managers are interested in employee relations because such relations have a bearing on productivity. It is proposed that improving relationships between employees and their leaders, not only impacts positively on the individual and group but also on productivity.

2.5 THE DIFFERENCE BETWEEN LEADERSHIP AND POWER

According to Robbins and Judge (2011), leadership and power are closely intertwined. Leaders use power to achieve group goals. A review of the definition of power reveals that power is the extent to which person A has the ability to influence the behaviour of person B in order for person B to act in accordance with person A's requirements (Robbins & Judge, 2011). A person can possess power but choose not to use it – it is the capacity or potential, and the most important element of power is that it is a function of dependency. The higher person B's dependency on person A is, the higher person A's power is in the relationship.

Dependence, in turn, is based on the alternatives that person B perceives, and the importance that person B assigns to the alternatives person A controls. Hence a person has power over another person to the extent to which he/ holds what the other person desires.

The difference between leadership and power can be explained as follows:

- *Goal compatibility.* Power does not require goal alignment but merely dependence, and leadership requires some alignment between the goals of the leader and the followers.
- *Direction of influence.* Leadership focuses the downward influence on followers and reduces the importance of lateral and upward influence patterns, whereby power has various directions of influence.
- *Style.* In leadership research, the style of leadership is emphasised. By contrast, research investigating power focuses on tactics for gaining compliance and extends beyond the individual as the exerciser of power to the groups and individuals who utilise and possess power.

2.6 THE SELECTION AND DEVELOPMENT OF LEADERS

The process of identifying and developing effective leaders in an organisation is a critical task, especially in ensuring a robust pipeline during times of change. According to Munsamy (2007), the first step would be to devise a leadership development strategy that highlights why the strategy should exist and what the objectives of the strategy are. In addition, Moore (2004) emphasises that a leadership development initiative needs to be aligned to specific business goals and thereby address specific business needs. The associated questions that would be posed are: What are the businesses needs driving the necessity for change? What is the business need that is driving the requirement for performance improvement? What are the long-term business concerns and how can leadership development address these concerns and achieve business goals? From this viewpoint of business understanding and issues, an organisation can identify the leadership development goals.

Leaders can be identified by means of the following:

- A review of the individual knowledge, skills and abilities required to perform the job effectively is essential.

- Personality tests can be utilised to identify traits relating to effective leadership such as extroversion, conscientiousness and openness to experience.
- Assessing a leadership candidate's score on self-monitoring provides insight into effective leadership because high self-monitors are able to understand social situations and adjust their behaviour accordingly.
- Measuring emotional intelligence provides a sound understanding of leadership effectiveness because candidates who score higher on emotional intelligence scales are predicted to be more effective leaders than those candidates with lower emotional intelligence scores, especially in situations that necessitate transformational leadership (Robbins & Judge, 2011). Experience is viewed as a poor predictor of leadership effectiveness, but situation-specific experience is applicable to the concept.

The cost of leadership training and development in organisations is substantial. It is important to understand how organisations can achieve maximum benefits from this investment.

According to Robbins and Judge (2011), the probability of the highest return is to invest in individuals who are high self-monitors because such individuals have the flexibility to alter their behaviour. Secondly, leadership effectiveness skills can be transferred not through vision creation but through the implementation thereof by understanding content themes essential for effective visions. In addition, skills such as developing relationships based on mutual trust, mentoring and situational analysis skills are vital. The key is to learn how to assess situations, alter these situations to better suit one's style, and determine which leadership style would be the most effective in a particular situation. A number of organisations have introduced executive coaching to assist senior leaders enhance their leadership effectiveness. Behavioural training can improve an individual's ability to demonstrate charismatic leadership qualities through modelling exercises. Here, an individual would assume the role and "play" the part of a charismatic leader, thereby learning the required behaviours of such a leader. Lastly, leaders can be trained in transformational leadership skills that impact on the bottom-line results such as the improvement of financial performance or the enhancement of employees' productivity.

2.7 LEADERSHIP AND ORGANISATIONAL CLIMATE

Extensive research on leadership and various organisational outcomes has been conducted and is well documented (Haakonsson et al., 2008). A number of studies have explored the relationship between leadership and organisational culture (Block, 2003; Mineo 2009;

Ogbonna & Harris, 2000); leadership and employee engagement (Lockwood, 2008; Stroud, 2009); leadership and organisational performance (Chung & Lo, 2007; Jinget al., 2011; O'Regan, Ghobadian & Sims, 2005; Rowold, 2011) and leadership and productivity (Kungis, 2006). Although a number of studies have investigated the relationship between leadership and climate across the globe (Bishop, 2003; Cloete, 2011; Sawati, Anwar & Majoka, 2011; Tajasom & Ahmad, 2011), there is still a lack of empirical studies to explain the nature and confirm the existence of a relationship between leadership style and organisational climate in the South African context and across various organisations (Cloete, 2011).

While it is evident that there is a relationship between leadership and various measures of organisational outcomes, a number of studies provide valuable insights into the relationship between leadership and climate.

Goleman (2000) researched the relationship between leadership styles and organisational climate and reported a correlation between six leadership styles and organisational climate. The study concluded that organisational climate correlated negatively with coercive leadership style (-0.26) and pacesetting leadership style (-0.25). Positive correlations were found between the organisational climate and authoritative leadership style (0.54), the affiliative leadership style (0.46), the democratic leadership style (0.43) and coaching leadership style (0.42) (Goleman, 2000). The six leadership styles are as follows:

- (1) *Coercive leadership style*. There is reduced flexibility and decision making is top down. This style hinders creativity and new ideas in subordinates. The subordinates feel that there is a lack of mutual respect and their ownership, motivation and performance thus decrease.
- (2) *Authoritative leadership style*. There is an understanding between subordinates of their role and how it fits into the overall organisational strategy. The subordinates report feeling valued. The measures, standards and rewards are clear and transparent. There is freedom to experiment and take calculated risks that will lead to the achievement of goals.
- (3) *Affiliative leadership style*. There is trust, effective communication, generation of ideas and a shared sense of cohesion. The focus is on building strong relationships, creating a sense of belonging and providing feedback to one another.
- (4) *Democratic leadership style*. There is extensive involvement of all group members, and participation and collaboration are encouraged. A drawback of this style is that

critical decision making may be delayed because of the time allocated to high participation, discussion and collaboration.

(5) *Pacesetter leadership style*. There are high performance standards and measures and the expectation is that activities can be performed better and faster. This style may lead to employees feeling pressured and overwhelmed by the endless demands.

(6) *Coaching leadership style*. There is guidance and support for employees to understand their unique set of strengths and areas of development. Employees feel free to experiment and ongoing feedback is provided for personal growth and performance improvement.

Koene, Vogelaar, and Soeters (2002) found a distinct and clear relationship between local leadership and financial performance and organisational climate in a study of 50 supermarket stores of a large supermarket chain in the Netherlands. Their study indicated that various leadership styles have differential effects. Charismatic leadership and consideration for others have a substantial impact on organisational climate, whereas initiative structure leadership have no impact on organisational climate.

Lockwood (2008) conducted a quantitative, descriptive correlation study to examine the relationship between employee self-efficacy, perceived supervisor leadership style and employee engagement for a blue-collar work population. The results showed a moderate positive relationship between perceived the transformational leadership style of the supervisor and employee engagement levels, and a moderate negative relationship between the perceived laissez-faire leadership style of the supervisor and engagement levels of the supervisor.

Haakonsson et al. (2008) conducted an investigation into how misalignments between the organisational climate (measured as information-processing demand) and leadership style (measured as information-processing capability) may result in negative performance. A questionnaire provided the data, and the key informant was the CEO and therefore based on the CEO's perception of climate and leadership style. The research findings indicate that misalignments between organisational climate and leadership style are problematic for business performance and that if there are misfits, either the organisational climate or the leadership style needs to be changed.

Stroud (2009) investigated the relationship between senior leadership competencies and employee engagement in the leaders' organisational units. The study utilised a Fortune 500 multinational corporation's leadership competency model multirater feedback and employee

engagement instruments. The results showed that integrity and collaboration and teaming are two definite competencies among senior leaders that seem to have a meaningful positive relationship with employee engagement. However, the self-awareness and adaptability competency of senior leaders and employee engagement was not significant. In addition, the direct report rater source provided competency scores that were the best predictors of employee engagement. This highlights the concern that the relationship exists partly because engaged employees provide more positive ratings, while less engaged employees provide more negative ratings of their leaders.

Tajasom and Ahmad (2011) explored the effect of leadership style on school climate from the teachers' perspectives in Malaysia. The transformational and transactional leadership styles were assessed using a questionnaire. The findings indicated that transformational leadership has an effect on four aspects of climate (affiliation, innovation, professional interest and resource adequacy), whereas transactional leadership impacted only on participatory decision making.

According to Gray (2001), an organisational climate in which individuals are empowered and involved in defining their own goals and objectives will benefit an organisation. This is characteristic of a participative organisational climate that allows employees to

- question, challenge and contribute to the decisions taken by the senior leadership
- participate in making suggestions and recommendations and suggesting ideas
- come forward with ideas that are considered, respected and, where possible, actioned

Organisational climate theory suggests that leadership in the organisation has a significant effect in determining the organisational climate. Organisational climate is the holistic view of how an organisation deals with the employees and environments, and is formed from internal factors predominantly within managerial influence (Ostroff & Schmitt, 1993).

Cloete (2011) investigated the relationship between leadership style and organisational climate in the South African context and supported Goleman's (2000) findings on different leadership styles having various effects on organisation climate. In agreement with Goleman(2000), Cloete (2011) found that the authoritative leadership style displays the highest positive correlation with organisational climate and that that the pacesetting leadership style had the lowest unique variance in organisational climate. Goleman (2000),

however, indicated that the pacesetting leadership style correlated negatively with organisational climate. According to Lindbeck (2004), there are no differences in leadership style and climate in terms of gender, years in leadership position or number of direct reports.

It is clear that there is the potential to conduct similar studies investigating the relationship between leadership and organisational climate across employment sectors in South Africa and the samples should be representative of the South African population in terms of race.

This section defined leadership, explored the various approaches to and importance of leadership. The difference between leadership and power was then discussed. Finally, the relationship between leadership and organisational climate was examined. The next section will explore organisational climate in further detail.

2.8 BACKGROUND TO AND RATIONALE FOR STUDYING ORGANISATIONAL CLIMATE

The changing business environment and pace at which change occurs is accelerating. More organisations are competing globally and the associated challenges have compelled organisations to pay attention to areas of their business which may have previously been overlooked. Some of the key areas include the climate and leadership of an organisation. According to Murray (1999), employees' satisfaction with the organisational climate is critical because of its effect on productivity and the success of an organisation. Furthermore, organisational climate is a leading indicator of organisational performance and, conversely, a dysfunctional organisational climate impacts negatively on individual and organisational effectiveness (Srivastav, 2006).

The role and value of organisational climate and its value and impact on organisational outcomes have been researched over the past 50 years. Jing et al. (2011) found that there is a direct link between organisational climate and performance (both financial and nonfinancial) in small businesses. Medhurst and Albrecht (2011) concluded that there is a relationship between organisational climate and employee engagement, which in turn impacts on individual and organisational performance among sales employees. Raza (2010) found that climate impacts on performance among teachers in Pakistan and, in particular, an open climate is positively associated with improved performance. Hence organisations that create an environment in which employees can develop and are fully engaged and motivated can

enhance business performance and be a competitive advantage. Organisational climate is therefore regarded as a key driver of business success.

2.9 CONCEPTUALISATION OF ORGANISATIONAL CLIMATE

Harris (2001) reports that organisational climate was first studied in the 1930s, when Lewin, Lippitt and White (1939) coined the term “climate” to express the attitudes of boys at a summer camp. In their study of the aggressive behaviour of adolescent boys, Lewin et al. (1939) used the term “social climate” to refer to the environment and were particularly interested in the impact the leader had on influencing the group and individual members’ behaviour. This experiment identified three leadership styles, namely authoritarian, democratic and laissez-faire, and allocated each leadership style to a specific group. The outcome of this research indicated that as the boys moved from one group to the next, and from one leader to another, authoritarian behaviour created an environment in which boys displayed aggressive or apathetic behaviour. Conversely, a democratic and laissez-faire style moderated aggression and created leaders with whom the boys were more satisfied. This outcome led the researchers to highlight the role of the adult leader in determining the pattern of social interaction and emotional development of a group. This study provides one of the first empirical links between a leader’s behaviour on the climate created and the impact of the climate on the behaviour of group members.

Organisational climate was further examined and clarified by Litwin and Stringer (1968), building on early work of Lewin et al. (1939), including the social needs and aroused social motives proposed by McClelland (1987) and Atkinson (1964). Litwin and Stringer (1968) went on to create a simulated business environment with three manufacturing organisations. These simulated organisations comprised a similar workforce composition with the main difference between the groups being the leadership beliefs and behaviours held and demonstrated by the head of the organisation. The outcome of this study reported a relationship between leader behaviour and the climate perceived by employees and the behaviours of the employees in business performance. Two critical elements of climate were introduced and provided deeper insight into climate. Firstly, climate has a direct impact on employee behaviour which, in turn, impacts on business performance as well as employee attitude and motivation (Stringer, 2002). Secondly, the realities of the organisation are

interpreted as they are experienced by individual employees, and is climate is therefore described as a filter through which objective phenomena must pass (Litwin & Stringer, 1968). This suggests that climate is defined by the subjective perceptions of employees rather than the intention of the leader.

Schneider and Bartlett (1968) found that the climate of an organisation is primarily affected by the leadership style adopted by the leaders of the organisation. Lawler, Hall, and Oldham (1974) concluded that leadership is significantly related to climate, and Blau (1964) and Mosser (2000) reported similar results. In these studies, leadership was proven to be the independent variable which impacts on the dependent variable, organisational climate.

According to Schein (2000), the aim of organisational climate research was to explore the policies, practices and procedures of an organisation, and the fact that organisational climate may be influenced by leadership styles. If the leadership style is inclusive and practises broad interpersonal and group relations, this will influence the organisational climate.

2.10 DEFINING ORGANISATIONAL CLIMATE

According to San Giacomo (2011), the Hawthorne studies conducted by Mayo were among the first to investigate and address the social environment as a key component in employee satisfaction and productivity. Since then, a number of studies have expanded the notion of the Hawthorne studies and formulated several definitions of what is now referred to as organisational climate, even though a general definition is still elusive. The researcher's personal perspective tends to influence any definition of the concept (Heyart, 2011). For example, climate is described by its characteristics by some researchers. One of the earliest and most commonly accepted definitions (based on quotations) of organisational climate (James & Jones, 1974; Johannesson, 1973; Moran & Volkwein, 1992; Woodman & King, 1978) is that of Forehand and Gilmer (1964) who define organisational climate as a set of characteristics that describes an organisation, distinguishes one organisation from the next and is relatively stable over time and can influence the behaviour of the organisation's members.

According to Litwin and Stringer (1968), organisational climate developed through the application of motivation theories to behaviour in organisations. The aim of their research was to highlight the impact of the organisation and its environment on the motivation,

performance and job satisfaction of individuals. One of the key findings of this research was that “the climate itself proved more powerful than previously acquired behaviour tendencies, and it was able to change the observed behaviour patterns of group members” (Litwin & Stringer, 1968, p.36). Stringer, reiterates that climate, in this instance, creates different leadership styles and has a significant influence on performance.

There is a growing body of research underscoring the relationship between leadership behaviour and organisational climate (Yukl, 1998). In a study by McGregor (1960), the findings revealed that the climate is more important than the type of leadership or personal style of the leader. “The climate is more significant than the type of leadership or personal style of the superior. The boss can be autocratic or democratic, outgoing or introverted, easy or tough, although these personal characteristics are of less significance than the deeper attitudes to which the subordinates respond.” (McGregor, 1960, p.134).

Tagiuri and Litwin (1968, p. 8) identified individual perceptions as a missing dimension and therefore defined organisational climate as “a relatively enduring quality of the internal environment of an organization that (1) is experienced by its members, (2) influences their behaviour, and (3) can be described in terms of the values of a particular set of characteristics (or attributes) of the organization”.

Pritchard and Karasick (1973, p. 126) synthesised the definitions of other researchers and formulated the following definition: “Organizational climate is a relatively enduring quality of an organization’s internal environment distinguishing it from other organizations which 1) results from the behaviour and policies of members of the organisation, especially top management; 2) is perceived by members of the organization; 3) serves as a basis for interpreting the situation; and 4) acts as a source of pressure for directing the activity.”

Schneider (1975, p. 474) conceptualised climate as follows:

“Climate perceptions are psychologically meaningful molar descriptions that people may agree characterize a system’s practice and procedures. By its practices and procedures a system may create many climates. People perceive climate because perceptions function as frames of reference for the attainment of some congruity between behaviour and the system’s practices and procedures.”

Ash (1983) defines organisational climate as an organisational phenomenon in which every organisation has a distinct climate. This climate comprises more than simply a collection of individuals' perceptions.

Schein (1990) and Reichers and Schneider (1990) postulate that the concept is a superficial expression of culture, and only through analysis and exploration of other concepts will one be in a position to understand and explain variations in organisational climates. Moran and Volkwein (1992) identified the need to understand the way in which organisational culture influences the perceptions of individuals.

Moran and Volkwein (1992, p.20) provide the following definition: "Organisational climate is the relatively enduring characteristic of an organisation which distinguishes it from other organisations: and (a) embodies members' collective perceptions about their organisations with respect to such dimensions as autonomy, trust, cohesiveness, support, recognition, innovation and fairness; (b) is produced by member interaction; (c) serves as a basis for interpreting the situation; (d) reflects the prevalent norms, values and attributes of the organisation's culture; and (e) acts as a source of influence for shaping behaviour."

According to Coetsee (Gerber, 2003), organisational climate represents the sum of the perceptions and/or feelings of the organisational members towards the organisation, whether or not this is an accurate description of reality.

The definitions of Pritchard and Karasick (1973) and Moran and Volkwein (1992) were synthesised for the purposes of this research. Organisational climate is defined as the organisation's environment, which is created by the behaviours, policies and attitudes of all the members (including the leaders) and serves as the basis for interpreting an event, which in turn influences behaviour and performance.

2.11 THE ETIOLOGY OF ORGANISATIONAL CLIMATE

Climate research developed from Lewins's field theory and social psychology which applied quantitative assessment methods such as surveys, questionnaires and statistical analysis (Denison, 1990). Hence studies examining climate are primarily empirical rather than theoretical (Moran & Volkwein, 1992).

2.11.1 The structural approach

According to Moran and Volkwein (1992), organisational attributes are characteristic of a particular organisation and exist independently of the individual employee perceptions. Furthermore, the organisation's structure results in the organisational climate, which is interpreted and perceived by individuals in the organisation (Castro & Martins, 2010). Hence organisational climate is established through the common perceptions held by members through their exposure to the organisational structure (Castro & Martins, 2010).

There are a number concerns with this approach (Moran & Volkwein, 1992). Firstly, there were variations in different work group climates in one organisation, while the fact that the organisational structure remains constant throughout the organisation is not explained by the structural approach. Secondly, studies have proven that there is an inconsistent relationship between the organisational climate and the organisational structure, whereas the structural approach suggests that there is a significant relationship between these two factors. Thirdly, the structural approach assumes that individuals are accurate perceivers of structural dimensions in the work environment. Lastly, there appears to be little consideration for an individual's subjective experience, interpretation and reaction to a situation in the group. This approach disregards the role of cognitive processes and individual differences as mediating factors.

2.11.2 The perceptual approach

The perceptual approach assigns the origin of organisational climate to the individual (Moran & Volkwein, 1992). The individual derives meaning from organisational conditions (including organisational structure and processes) and responds to a situation in a psychologically meaningful manner. Climate thus guides behaviour and allows for the normative behaviour of groups.

A review of literature highlights the fact that the perceptual approach can provide aggregate climates in two ways, namely through the selection-attraction-attrition (SAA) approach or through "collective climates" (Joyce & Slocum, 1984). The latter refers to climates formed by consolidating the psychological climate perceptions of members.

The concerns raised about the perceptual approach include the lack of acknowledgment of the interaction between group members and the mutual impact of the environment (Miller, 2003).

2.11.3 The interactive approach

The interactive approach combines the objectivism of the structural approach and subjectivism of the perceptual approach (Ashforth, 1985) to provide an approach that maintains that individuals develop shared perceptions of the environment through their interaction with it (Moran & Volkwein, 1992). Climate is created through the mutual influence between objective and subjective factors. The climate in an organisation thus provides meaning for members and allows for a sense of self in a particular environment.

A concern raised about the interactive approach is that although the interactions of individuals are acknowledged, the social context and organisational culture's impact of creating a climate are not taken into account.

2.11.4 The cultural approach

The three above-mentioned approaches overlook the impact of organisational culture on individual perceptions and interactions. The cultural approach emphasises the manner in which the group, as opposed to the individual, interprets, constructs and deals with the organisation's demands (Moran & Volkwein, 1992). Members of the organisation share a common abstract frame of reference, namely organisational culture, as they adapt and handle these demands. The source of climate is the interaction between members and this also includes the influence of the organisational culture as a critical factor in the formation of climate.

2.12 ASPECTS OF ORGANISATIONAL CLIMATE

Specific factors that are fundamental to gaining a deeper understanding of organisational climate are outlined and discussed below.

2.12.1 Levels of climate

According to Schulte, Shmulyian, Ostroff, and Kinicki (2009), climate is examined at several levels of analysis by organisational researchers. The three levels will be discussed below.

2.12.1.1 Organisational climate

Organisational climate is a socially interactive construct and allows for employees to actively engage in the process and understand the desired behaviours. Furthermore, organisational climate can be manipulated to influence individual employees' perceptions, as well as their motivation and behaviour.

2.12.1.2 Group climate

According to Field and Abelson (1982), the various tasks and functions relating to different groups create subclimates in organisations.

2.12.1.3 Psychological climate

The psychological climate is an individual's perception of the work environment (Baltes, Zhdanova, & Parker, 2009). Furthermore, James and Jones (1974) assert that it is critical to distinguish between an organisational attribute and climate, which is regarded as an individual attribute. When it is regarded as an organisational attribute, it should be referred to as organisational climate, and when it is an individual attribute, as psychological climate.

2.12.2 Dimensions of organisational climate

Organisational climate (Forehand & Gilmer, 1964) is a conceptually integrated combination of organisational characteristics which, according to Litwin and Stringer (1968), can be measured and controlled. The discussion above highlights the fact that the definitions of and approaches to organisational climate vary, and this also applies to the dimensions and measurement of organisational climate (Castro & Martins, 2010).

One of the most widely referred to set of dimensions measuring organisational climate is that of Litwin and Stringer (1968). These dimensions were identified on the basis of organisations

that are predominantly task oriented and that describe a certain situation. Litwin and Stringer (1968) identified the following nine dimensions of organisational climate:

- (1) *Structure*. This dimension refers to how employees feel about different organisational limitations and rules. For example, does the organisation have set controls, processes and procedures in place that must be adhered to or can it be described as possessing an informal and relaxed approach to getting things done?
- (2) *Responsibility*. This dimension focuses on how employees feel about the level of autonomy and decision making they have within the framework of clear roles and outputs.
- (3) *Reward*. This dimension is concerned with how employees perceive the rewards offered for the effort and output they deliver. The key is on positive reinforcement and the perception of fairness regarding compensation and promotion policies.
- (4) *Risk*. This dimension focuses on the risk associated with a certain job and the organisation's general stance to taking risks or its inclination to accept a more stable view.
- (5) *Warmth*. This dimension is concerned with the general feeling of friendliness towards and care for employees.
- (6) *Support*. This dimension measures employees' feelings of willingness to provide support for the organisation's leaders and colleagues.
- (7) *Standards*. This dimension measures the amount of emphasis placed on achieving predefined goals, measuring the standards and then exceeding them.
- (8) *Conflict*. This refers the extent to which the organisation's leaders and employees confront and deal with conflict as opposed to avoiding conflict.
- (9) *Identity*. This dimension represents the extent to which employees feel appreciated, valued and an integral part of the organisation.

Dippenaar and Roodt (1996) adapted and investigated the suitability of the climate questionnaire of Litwin and Stringer (1968) for the South African environment. The findings revealed that only two factors of organisational climate were evident, namely motivational relationship considerations and uncertainty regarding job ownership considerations. The shortcoming of this study is that the sample that was used was white males between the ages of 30 and 50 in the financial institution. The sample was therefore not representative of South

African population. This concern needs to be addressed when considering the questionnaire in the South African context.

Campbell, Dunnette, Lawler, and Weick (1970) suggested the following climate dimensions:

- (1) *Individual autonomy*. This is defined as individual responsibility, initiative and orientation.
- (2) *Degree of imposed structure*. This dimension describes the degree of structure and closeness of supervision.
- (3) *Reward orientation*. This refers to the rewards, general level of satisfaction and achievement motivation.
- (4) *Consideration, warmth and support*. This dimension reflects the managerial support, care and warmth towards employees by a manager.

According to Pareek (1989), organisational climate is the result of interaction between the organisation's *structure, systems, culture, leader behaviour* and *employees' psychological needs*. It is influenced by the perceptions of individuals in the organisation about organisational operations and the problems involved. Pareek (1989) proposed a framework of motivational analysis of organizational climate (MAO-C) which consists of six climate motives and the following 12 organisational dimensions: (1) orientation; (2) interpersonal relationships; (3) supervision; (4) problem management; (5) management of mistakes; (6) conflict management; (7) communication; (8) decision making; (9) trust; (10) management of rewards; (11) risk taking; and (12) innovation and change.

Considerable evidence indicates that elements of HRM or the organisation design framework are linked to dimensions of climate, for example, goal emphasis or reward orientation (Kopelman, Brief, & Guzzo, 1990). Similarly, several dimensions of climate are linked to both the cognitive and affective sources of motivation and job satisfaction (Reichers & Schneider, 1990). Organisational climate forms the basis of motivation and job satisfaction.

Kopelman et al. (1990) suggest the following additional climate dimensions:

- (1) *Goal emphasis*. This indicates the extent to which management articulate the types of outcomes and standards that employees are expected to achieve.
- (2) *Means emphasis*. This relates to the extent to which management articulate the methods and procedures that employees are required to apply in their jobs.

- (3) *Reward orientation*. This concerns the degree to which rewards are viewed to be allocated according to job performance.
- (4) *Task support*. This indicates the extent to which employees perceive that they possess the resources and materials required to perform their jobs.
- (5) *Socioemotional support*. This relates to the degree to which employees feel that their personal welfare is protected.

James, James, and Ashe (1990) propose the following climate dimensions:

- (1) *Role stress and lack of harmony*. This relates to the role of ambiguity, role conflict, role overload and lack of management concern and awareness of the issue.
- (2) *Job challenge and autonomy*. This refers to the degree of challenging and varied work, job autonomy and job importance.
- (3) *Leadership facilitation and support*. This relates to the degree to which the leader displays trust, support, goal orientation, interaction, psychological influence and hierarchical influence.
- (4) *Work group cooperation, friendliness and warmth*. This concerns cooperation, friendliness and warmth in the work group.

Jones and James (1979) reported that their findings were congruent with similar earlier studies in that the dimensions identified in their studies generally mirrored the dimensions suggested in literature. However, this viewpoint differed from that of Schneider (1975, pp. 471–472) who proposed that “organisational climate” should be replaced by a more suitable concept of “climate for something” thereby referring to a specific category in research as opposed to a number of dimensions used with the intention of “finding something”.

According to Schneider (1990), the focus on climate from a strategic standpoint has implicitly driven research on climate. Early research on climate focused on specific components of the organisation which were of interest, as opposed to using a wide-range measure. Examples of specific climates, as cited in Castro and Martins (2010), are leadership style and social climates (Lewinet al., 1939), leadership (Fleishman, 1953), creativity (Taylor, 1972), safety (Zohar, 1980); quality (Banas, 1988) and ethics (Babin, Boles, & Robin, 2000).

Jones and James (1979) highlight the fact that criterion-focused studies do not rule out the possibility that a significantly small set of dimensions could describe a number of

environments in which a specific dimension could be related to certain criteria, negatively related to other criteria and not at all to others.

According to Castro and Martins (2010), the advantage of using generic scales to assess organisational climate is that it is not limited to a specific focus of study, and organisations will be able to identify exactly what areas to focus on and thus be able to determine the general climate of a specific organisation.

2.13 ORGANISATIONAL CLIMATE AND ORGANISATIONAL CULTURE

The snapshot of these two concepts helps to sketch out the main perspectives that have existed in these areas over the past decade (Denison, 1996). This contrast tends to support a widely accepted distinction between these two phenomena: Culture refers to the deep structure of organisations, which is embedded in the values, beliefs and assumptions held by organisation members. Hence meaning is formed through socialisation to a number of identity groups that exist in the work context. Culture is given both stability and a fragile nature rooted in the dependence of the system on individual thoughts and behaviour. Climate, in contrast, displays the organisational environments as being embedded in the organisation's value system, but tends to present these social environments in relatively static terms, defining them according to a fixed set of dimensions. Climate is thus widely considered to be relatively temporary, subject to direct influence and mainly restricted to aspects of social environment that are consciously perceived by organisational members.

For the purposes of this study, organisational climate is the phenomenon that will be investigated and what the selected instrument purports to measure.

2.14 LEADERSHIP AND ORGANISATIONAL CLIMATE MODEL

Figure 2.3 depicts a leadership and organisational climate model. This model acknowledges the relationship between organisational culture and climate. It was deemed suitable for the current research because it explains the existence of a relationship between leadership and organisational climate. It is suggested that a relationship also exists between the individual,

the environment and the leader as well as organisational climate and organisational performance. The scope of this research was to investigate the relationship between leadership and organisational climate as well as the dimensions of organisational climate. It was thus proposed that the independent variable, leadership, impacts on the dependent variable, organisational climate, which has a number of dimensions. The construct of organisational performance was not investigated in this study.

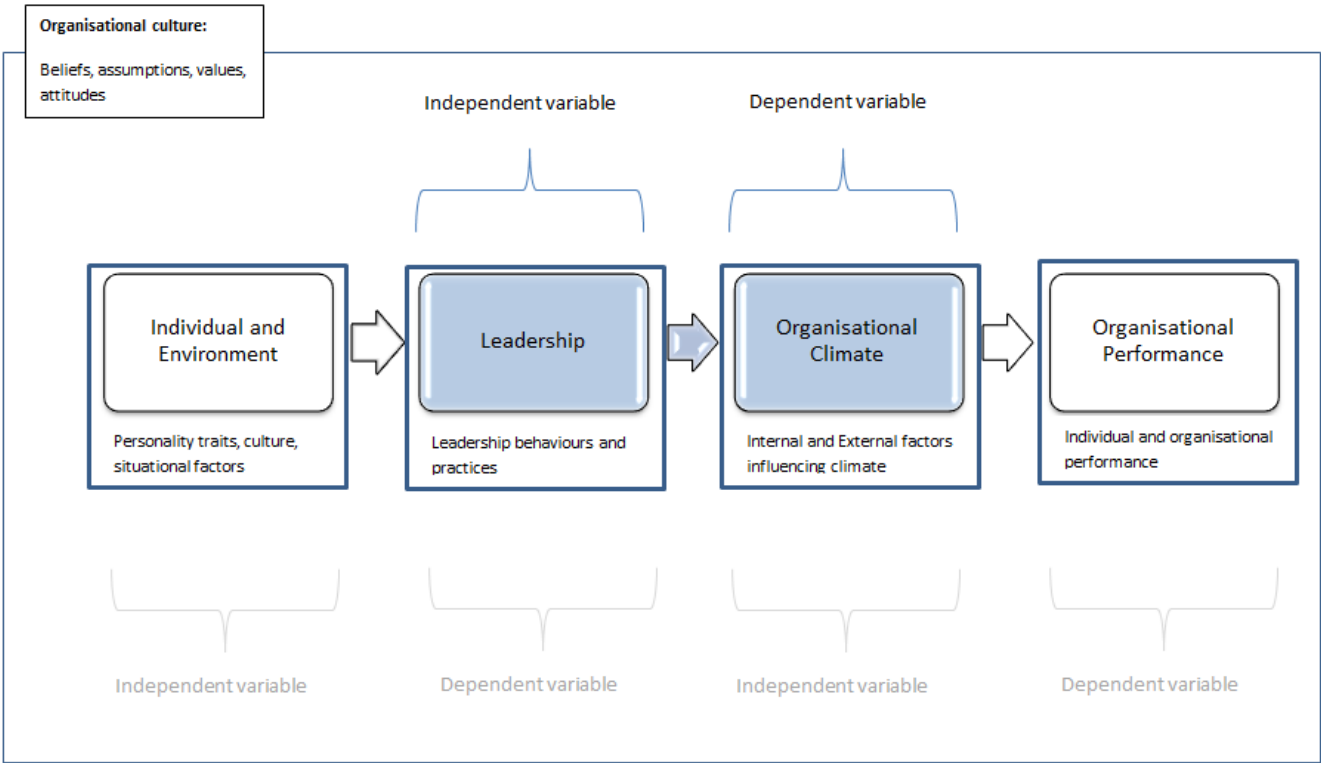


Figure 2.3: The leadership and organisational climate relationship model

2.15 THE IMPORTANCE OF ORGANISATIONAL CLIMATE

Contemporary organisations are grappling with new challenges in their attempt to remain competitive. This is because of the rapid pace of change, increased performance pressures, the introduction of technology, meeting the needs and managing the expectations of an increasingly diverse workforce and the impact of globalisation on the organisation (Burke & Cooper, 2004; Cooper & Burke, 2002; Koyuncu, Burke, & Fiksenbaum, 2006). An increasing number of organisational leaders are recognising that a unique competitive advantage in their

efforts to improve productivity lies in their human resources and that all other potential competitive advantages such as technology, process, product, capital can either be bought or copied (Lawler, 2003).

In service organisations, the dynamics in an organisation have a direct effect on the people the organisation serves and employee performance and attitudes. Each organisation possesses its own unique characteristics, including traditions, culture and ways of getting things done, as well as the way customers are treated. Although situations may vary from one organisation to the next, there are some similar and identifiable features of organisational environments that serve to support high-quality customer service. Owing to the fact that services are intangible, their assessment often makes it difficult for management, employees and customers to measure service output and quality. Consequently, an organisation's overall feel for the place assumes a critical role in shaping front-line employees' attitudes towards the process and output of service delivery. It is recommended that managers should regularly conduct climate surveys to examine their employees' perceptions and take the necessary remedial measures to correct any misperceptions or organisational areas for improvement (Cloete, 2011).

2.16 MEASURING ORGANISATIONAL CLIMATE

The leaders of organisations need to have insight into their employees' experiences and the environment in which they work to ensure that there is alignment between the required organisational climate and organisational objectives. To achieve this understanding, the organisational climate will need to be measured. Measurement of the organisational climate requires constructing one or more tests involving the systematic observation of behaviour of organisations. According to Forehand and Gilmer (1964), a number of methods can be applied to make the necessary systematic observations. The approaches used to assess organisational climate include field studies, measurements of the perceptions of the organisation by its members, observation of objective organisational properties and experimental variation of organisational properties.

Field studies entail the researcher conducting an intensive observation of the daily activities of an organisation in order to gain a feel for and develop a model to explain the functioning of

the organisation. During the observation, the researcher will gather information by spending time with employees while they perform their daily tasks, be present as an observer at meetings and conferences, conduct individual interviews with employees, study diary notes kept by participants and review communication such as emails, memos, meeting minutes, notices and other correspondence, to name a few. A wealth of descriptive material has been collected in this way. These studies generate hypotheses, but an understanding of the impact of climate necessitates the systematic examination of the variations in climate because of their influence on the behaviour of participants. The two approaches followed when observing the variations in climate are comparative studies (examining behaviour in contrasting organisations) and longitudinal studies (studying the effects of changing conditions in a single organisation). Although field studies provide a rich source of information, they have several drawbacks such as the inherent subjectivity of the observer, skills and sensitivity required of the observer, the high cost and the difficulty of gaining a “sample size” of more than two or three organisations (Forehand & Gilmer, 1964).

Measurements of the perceptions of participants are based on their experience of organisational characteristics which provides insight into the organisational climate. Organisations develop inventories to measure a range of dimensions of climate.

Observation of the objective organisational properties requires a critical analysis of information that is easily obtainable such as the organisation’s size, levels of management, union representation, policies and such like. Although this method is more reliable and accurate, there are disadvantages such as a large number of variables which may too specific and thus make interpretation a challenge; the view that objective properties impact on organisational members indirectly; and the fact that these methods do not consider how organisational properties are related to one another and to the operations of the organisation (Joyce & Slocum, 1984).

Experimental variation of organisational properties entails identifying the pertinent dimensions of climate and systematically adjusting them, which will allow for a precise test of interaction hypotheses (Forehand & Gilmer, 1964). An example of this approach is that of Lewin et al, (1939), whereby leadership styles were adjusted to investigate the impact of different leadership styles on the behaviour of group members.

In this research study, a perceptual measure of organisational climate was used and the participant assumed an active role.

2.17 CHAPTER SUMMARY

According to the research aims, this chapter focused on the definition of leadership and explored the various approaches to and importance of leadership. The difference between leadership and power was highlighted. Next, the relationship between leadership and organisational climate was examined. Literature relating to organisational climate was reviewed and the background to and rationale for this study explained. Then organisational climate was conceptualised, defined and the etiology explored. The aspects of levels and dimensions of organisational climate were discussed as well the differences and similarities between organisational climate and organisational culture. A model for the leadership and organisational climate relationship was presented. Lastly, the importance of organisational climate and its measurement was highlighted.

Chapter 3 provides a holistic view of the entire research study. Firstly, research relating to leadership and organisational climate will be discussed and the research questions driving the research presented as well as the potential value-add of this study. The research design will be outlined and the results presented. The chapter will conclude with a summary and integration of the research findings highlighting the managerial implications, limitations and recommendations.

CHAPTER 3

JOURNAL ARTICLE

Orientation: The 21st century has posed challenges and provided opportunities for organisations, and although a large body of research exists on both leadership and organisational climate, these two concepts have become a matter of urgency in South African organisations. The dynamics in the organisation have a direct effect on the people the organisation serves and business performance.

Research purpose: The aim of this research was to explore the relationship between leadership and organisational climate in a South African fast-moving consumable goods (FMCG) organisation.

Motivation for the study: There are few research studies that focus on leadership and organisational climate in the South African context and this study builds on limited existing knowledge.

Research design, approach and method: Using a descriptive, cross-sectional field survey approach, a sample of 896 participants employed at one organisation was surveyed.

Main findings: Explanatory factor analysis and the structural equation modelling (SEM) multivariate analysis technique revealed a new set of organisational dimensions and confirmed the relationship between leadership and organisational climate and organisational climate and its various dimensions.

Practical/managerial implications: The findings emphasise the importance of certain generic and specific leadership practices in creating the desired organisational climate in the South African context.

Contribution/value-add: This study contributes to knowledge on the relationship between leadership and organisational climate in the South African context.

Key words: *organisational psychology, leadership, organisational climate, quantitative research, survey*

3.1 INTRODUCTION

3.1.1 Key focus of the study

The changing technological landscape of today presents a multitude of challenges and opportunities for organisations, leaders and employees. The business world is characterised by increasing volatility and turbulence. According to the 2012 International Labour Organisation report on Global Employment Trends, the world faces the “urgent challenge” of creating 600 million productive jobs within the next ten years in order to generate and achieve sustainable growth and preserve social cohesion (<http://www.ilo.org/global/research/global-reports/global-employment-trends/lang--en/index.htm>). In addition, The Global Competitiveness Report 2011-2012 shows that South Africa (out of 144 countries surveyed) is ranked fourth in financial market development, which is indicative of confidence in the South African market, where confidence is only slowly returning to other countries across the globe. The report also indicates that South Africa performs relatively well in complex areas such as business sophistication (38th) and innovation (41st), benefiting from sound scientific research institutions (30th) and strong collaboration between universities and the business sector in innovation (26th). However, South Africa needs to address a number of weaknesses which include poor labour market efficiency, with rigid hiring and terminating employment practices (139th), the inflexibility of organisations to determinate compensation (138th) and significant tensions in employee-employer relations (138th). According to Statistics South Africa, the 2011 Census report indicates that the unemployment rate is recorded at 29.8% (and according to the expanded definition, the rate is actually 40.0%). For organisations in both the public and private sector to remain competitive, it is essential to leverage the organisation’s human resources, that is, the leadership and organisational climate necessary for improved productivity, market share growth and profit.

3.1.2 Background to the study

It is evident that extensive research on leadership and various organisational outcomes has been conducted and is well documented (Haakonsson, Burton, Obel, & Lauridsen, 2008). A number of studies explore the relationship between leadership and organisational culture

(Block, 2003; Mineo 2009; Ogbonna & Harris, 2000), leadership and employee engagement (Lockwood, 2008; Stroud, 2009), leadership and organisational performance (Chung & Lo, 2007; Jing, Avery, & Bergsteiner, 2011; O'Regan, Ghobadian, & Sims, 2005; Rowold, 2011), leadership and productivity (Kungis, 2006). Although a number of studies explore and investigate the relationship between leadership and climate across the globe (Bishop, 2003; Cloete, 2011; Sawati, Anwar, & Majoka, 2011; Tajasom & Ahmad, 2011), there is still a dearth of empirical studies that explain the nature and confirm the existence of a relationship between leadership style and organisational climate in the South African context and across various organisations (Cloete, 2011).

While it is evident that there is a relationship between leadership and various measures of organisational outcomes, only a few studies provide valuable insights into the relationship between leadership and climate. For instance, Tajasom and Ahmad (2011) explored the effect of leadership style on school climate from the perspective of teachers in Malaysia. The transformational and transactional leadership styles were assessed using a questionnaire. The findings indicated that transformational leadership has an effect on four aspects of climate (affiliation, innovation, professional interest and resource adequacy), whereas transactional leadership impacted only on participatory decision making. Stroud (2009) investigated the relationship between senior leadership competencies and employee engagement in the leaders' organisational units. The study utilised a Fortune 500 multinational corporation's leadership competency model multirater feedback and employee engagement instruments. The results showed that integrity and collaboration and teaming are two definite competencies among senior leaders that seem to have meaningful positive relationships with employee engagement. However, the self-Awareness and adaptability competency of senior leaders and employee engagement was not significant. In addition, the direct report rater source provided competency scores that were the best predictors of employee engagement. This highlights the concern that the relationship between senior leadership competencies and employee engagement exists in part because of engaged employees providing more positive ratings, and less engaged employees providing more negative ratings of their leaders.

Lockwood (2008) conducted a quantitative, descriptive correlation study to examine the relationship between employee self-efficacy, perceived supervisor leadership style and employee engagement for a blue-collar work population. The results showed a moderate positive relationship between the perceived transformational leadership style of the supervisor

and employee engagement levels, and a moderate negative relationship between the perceived laissez-faire leadership style of the supervisor and engagement levels of the supervisor.

Haakonsson et al. (2008) conducted an investigation into how misalignments between the organisational climate (measured as information-processing demand) and leadership style (measured as information-processing capability) may result in negative performance. A questionnaire provided the data, and since the key informant was the CEO, the findings were based on the CEO's perception of climate and leadership style. The research findings indicate that misalignments between organisational climate and leadership style are problematic for business performance, and that if there are misfits, either the organisational climate or the leadership style needs to be changed.

Cloete (2011) investigated the relationship between leadership style and organisational climate in the South African context, and supported Goleman's (2000) findings on different leadership styles having various effects on organisational climate. In agreement with Goleman (2000), Cloete (2011) found that an authoritative leadership style displays the highest positive correlation with organisational climate. However, Cloete (2011) reported that the pacesetter leadership style indicated the lowest unique variance in organisational climate, while Goleman (2000) indicated that the pacesetter leadership style correlated negatively with organisational climate. According to Lindbeck (2004), there are no differences in leadership style and climate in terms of gender, years in a leadership position or the number of direct reports. As mentioned earlier, if similar studies are conducted across employment sectors in South Africa, samples should be representative of the South African population in terms of race.

3.1.3 Trends in the literature

3.1.3.1 Leadership

The concept of leadership predates humans, and according to Wren, Hicks, and Price (2004), it is as old as civilisation itself. Prophets, priests, kings and chiefs served as leaders for their people. Nevertheless the study of and interest in leadership grew considerably from the early 20th century onwards, predominantly because of the growing number of organisations and the

emergence of professional academic disciplines in the social sciences where leadership in organisations was investigated by means of social methodologies (Wren et al., 2004).

The concept of leadership is complex and a review of literature highlights not only the large body of research on leadership, but also a multitude of definitions of the concept (Van Niekerk, 2011). According to Munsamy (2007), there is little consensus on the definition of leadership, but the main reason for this is the fact that researchers and the authors of leadership approach the concept from the perspective of different disciplines (sociology, political science, psychology, management, organisational theory and biblical science) and they therefore tend to be influenced by their theoretical orientations (Myeni, 2010).

The traditional perspectives view leadership as inducing compliance, respect and cooperation (Anderson, Ford, & Hamilton, 1998). An alternative view is that of Maxwell (1999), who argues that the leader's focus is on the investment in people as opposed to output from people, which will foster positive relationships, which in turn will improve labour productivity. The emphasis thus shifts to the motivation, empowerment and inclusion of followers. Jaques and Clement (1991) define leadership as a process whereby an individual sets direction for other people to follow and then takes them along in the direction with competence and full commitment. In the contemporary context, leadership is defined as the art of transforming people and the organisation in order to effect positive change. Leaders develop respect, appreciation and care for their followers and acknowledge them as a powerful source of knowledge, innovation and performance required for enhancing the organisation's performance and growth (Oyetunji, 2006).

In the African context, Mbigi (2004) indicates that it is critical to understand the cultural paradigms that influence the way leadership is viewed. Hampden-Turner and Trompenaars (Baicher, 2005) argue that we can only view what our cultural paradigms allow us to. This has profound implications for leadership theory and research. African leadership is characterised by a focus on people, their dignity and the collective unit and its brotherhood commonly referred to as *Ubuntu* (Baicher, 2005). It highlights supportiveness, cooperation and solidarity.

For the purpose of this study, leadership is defined as a process in which an individual influences a group of individuals to achieve a common objective (Northouse, 2001). From this definition it is clear that leadership occurs within a specific paradigm.

The neocharismatic theories of leadership have three similar themes, indicated as follows: (1) there is an emphasis on the symbolic and emotionally appealing behaviours of effective leaders; (2) an explanation is provided of how it is possible for certain leaders to achieve high levels of follower commitment; and (3) there is less emphasis on theoretical complexity (Robbins, Odendaal, & Roodt, 2009). The three neocharismatic theories will be discussed. Firstly, charismatic leadership theory was initially developed by Weber in 1947 and refined by House in the 1970s, at approximately the same time as transformation leadership emerged (House & Aditya, 1997). According to Robbins (1997), charismatic leadership theory is an extension of attribution theory. Charismatic leadership theory postulates that followers attribute heroic or extraordinary leadership abilities to a leader when they have witnessed specific behaviours and the followers personally acknowledge their leader. The research on charismatic leadership has predominantly focused on identifying specific behaviours, namely extremely high confidence, dominance and strong convictions in his or her beliefs that differentiate charismatic leaders from noncharismatic leaders. Several leaders have been pinpointed as charismatic leaders. Examples are John F. Kennedy, Martin Luther King Jr, Walt Disney and Steve Jobs (Robbins et al., 2009). Secondly, the transformational approach to the study of leadership is concerned with values, ethics, standards and long-term goals (Northouse, 2001). To transform or change an organisation or unit in an organisation, a clearly defined shared vision should be articulated by the leader and the personal commitment (through their heads, hands and hearts) of the followers gained to allow for the achievement of the new objectives. At the heart of the transformational leadership theory is the basic belief that the role of the leader is to energise followers to transform to a new paradigm by appealing to things that are fundamental to their existence (Tosi, Mero, & Rizzo, 2000). Nelson Mandela is another example of a transformational leader who fought for an ideal he believed in. Following his release from prison, he was able to mobilise his people to demand democratic elections and that process changed the South African people from one paradigm to another. The upshot of this was the first democratic election, which was held in 1994, and Nelson Mandela was elected as the president of the Republic of South Africa (Gerzon, 2006).

Thirdly, African leadership is built on participation, duty and spiritual authority and requires transparency, accountability and legitimacy (Van der Colff, 2003). Leaders are role models who demonstrate personal commitment to the values and goals established in the organisation and have the ability to create a compelling vision and achieve the enthusiasm and personal commitment of the group (Baicher, 2005).

There are six fundamental values in African leadership, as pinpointed below:

- (1) Respect for the dignity of others is essential.
- (2) Group solidarity as an injury to one is an injury to all.
- (3) Team work in the group is greater than the individual.
- (4) Service to others in the spirit of peace and harmony is vital.
- (5) Interdependence and connectedness are important.
- (6) Persuasion is crucial.

The concept of *Ubuntu* in African leadership is pivotal. It emphasises the collective brotherhood of humankind. It is characterised by the independence of humanity, emphasises human dignity and respect and allows for consensus, democracy, people mobilisation, solidarity and genuine care (Mbigi, 2004). One criticism of African leadership is the fact that it is not yet supported by sufficient empirical research (Baicher, 2005). However, the fact remains that this leadership approach has significant relevance for African countries, South Africa included. This research contributes to our understanding of leadership in the South African context because it is based on the individual perceptions of leadership of a sample comprising 49.3% African, 19.0% Asian and 5.0% coloured South African respondents.

According to Kinicki and Fugate (2012), visionary and inspirational charismatic leaders who perform well through team engagement are universally accepted as opposed to self-centred leaders who are seen as loners and generally poorly received worldwide.

3.1.3.2 Organisational climate

Although there have been numerous studies investigating climate, dating back to the 1960s, a general definition is elusive. However, the researcher's perspective orients his or her definition of the concept (Heyart, 2011). For example, some researchers describe climate by its characteristics. One of the earliest and most commonly accepted definitions (based on

citations) of organisational climate (James & Jones, 1974; Johannesson, 1973; Moran & Volkwein, 1992; Woodman & King, 1978) is that of Forehand and Gilmer (1964), who define it as a set of characteristics that describes an organisation, distinguishes one organisation from another, and is relatively stable over time and can influence the behaviour of the organisation's members.

An increasing number of organisational leaders are recognising that a unique competitive advantage in their efforts to improve productivity lies in their human resources (Lawler, 2003). In service organisations, the dynamics in the organisation have a direct effect on the people the organisation serves and employee performance and attitudes. Each organisation possesses its own unique characteristics, which include traditions, culture and ways of getting things done, as well as how customers are treated. Although examples of this may vary from one organisation to the next, there are some similar and identifiable features of organisations environments that serve to support high-quality customer service. Owing to the fact that services are intangible, the assessment of thereof often makes it difficult for management, employees and customers to measure actual service output and quality. Consequently, an organisation's overall feel for the place assumes a critical role in shaping front-line employees' attitudes towards the process and output of service delivery. Managers should conduct regular climate surveys to examine their employees' perceptions and take the necessary remedial measures to correct any misperceptions or organisational areas for improvement (Cloete, 2011).

The leaders in an organisation should have insight into their employees' experiences and the environment in which they work to ensure that there is alignment between the required organisational climate and organisational objectives. To achieve this understanding, the organisational climate needs to be measured. This requires the devising one or more tests to systematically observe employees' behaviour in the organisation. According to Forehand and Gilmer (1964), there are a number of possible methods to systematically observe such behaviour. The approaches used to assess organisational climate include field studies, measurements of the perceptions of the organisations by their members, observation of objective organisational properties and experimental variation of organisational properties. In this research study, a perceptual measure of organisational climate was used and the participant assumed an active role.

Studies examining climate are primarily empirical rather than theoretical because climate research has been developed from Lewins's field theory and social psychology, which utilises quantitative assessment methods such as surveys, questionnaires and statistical analysis (Moran & Volkwein, 1992). The interactive approach was adopted in this study. This approach maintains that individual employees develop shared perceptions of the environment through their interaction with the environment (Moran & Volkwein, 1992). Climate provides meaning for employees and allows for a sense of self in a particular environment.

Organisational climate is a conceptually integrated combination of organisational characteristics and can be measured and controlled (Forehand & Glimmer, 1964). Schneider (1975) suggests that the focus should shift to a specific climate category. However, the benefit of utilising generic scales to measure organisational climate is that it is not limited to a specific focus of study, and organisations will be able to identify exactly what areas to focus on and will be able to determine the overall climate of a specific organisation (Castro & Martins, 2010). In this study, the organisation had an existing organisational climate survey which was constructed on the basis of specific climate dimensions, leadership and the organisation's needs.

According to Cloete (2011), organisational climate theory suggests that leadership in the organisation has a significant effect in determining the organisational climate. Organisational climate involves a holistic view of how an organisation deals with its employees and environments, and is formed on the basis of internal factors predominantly influenced by management (Ostroff & Schmitt, 1993). Greyvenstein (1982) conducted a study that found that altering the leadership style in the organisation had an impact on organisational climate, and that organisational climate in turn impacts on employees' motivation levels, thereby affecting their job performance and job satisfaction.

3.1.4 Research objective

Although a recent study conducted in a private retail organisation in South Africa confirmed the existence of a relationship between leadership style and organisational climate (Cloete, 2011), the researcher identified an opportunity for a further study to investigate the relationship between leadership and organisational climate across various industries and cultures in the South African context. To further understand the leadership and organisational climate relationship in South Africa and across various organisations, this research study thus

explored this relationship in a South African fast-moving consumable goods (FMCG) organisation. The research questions driving this study were as follows:

- What is the organisational climate in a South African FMCG organisation?
- What are the main dimensions that impact on organisational climate in a South African FMCG organisation?
- Is there an empirical relationship between leadership and organisational climate in a sample of employees from a South African FMCG organisation?

To investigate these questions, a quantitative approach was followed using a cross-sectional survey design. Explanatory factor analysis was conducted to investigate the structure of the questionnaire used by the organisation, and the statements were subsequently grouped into a new set of dimensions. The Cronbach alpha was used to determine the internal reliability of the items in each factor. The structural equation modelling (SEM) multivariate analysis technique was applied to determine and confirm the relationship between the construct of organisational climate, and the variable, leadership, to test the theoretical model.

3.1.5 The potential value-add of the study

Understanding the impact of leadership on organisational climate has the potential to improve the organisational climate, which may lead to improved business and individual performance. In fact, organisational climate is a leading indicator of organisational performance.

Conversely, a dysfunctional organisational climate impacts negatively on individual and organisational effectiveness (Srivastav, 2006). An understanding of the determinants of organisational climate is useful in finding ways to strengthen the organisational climate. Furthermore, this research is expected to build on existing knowledge of leadership and organisational climate in the South African context.

Layout of the article

In the research design section, the research approach and methodology will be explained. The findings will then be grouped into broad themes which emerged from the data, namely organisational climate and leadership. These themes will be discussed by means of related factors and subthemes. The article will conclude with a discussion of the limitations of the study and recommendations for future research.

3.2 RESEARCH DESIGN

3.2.1 Research approach

The research approach used in the study can be described as a descriptive, cross-sectional field survey, the data as primary data and data analyses as explanatory and confirmatory. The respondents completed the paper-based questionnaires and placed them in sealed envelopes. This was done anonymously. The questionnaires were then collected, counted and submitted to an external service provider that conducted the data analysis and reporting. According to Rosnow and Rosenthal (1996), the use of questionnaires is the most suitable method for gathering large quantities of data relating to individuals' perceptions. In fact, in the organisation involved in this study, this method is used on an annual basis.

3.2.2 Research method

In this section, the sampling, data collection and measurement used to conduct the empirical study will be discussed.

3.2.3 Research participants

The target population for this study consisted of all employees in the organisation. The unit of analysis was the individual employee. The total population consisted of 3700 employees. The sample consisted of 896 employees from all five regions of an FMCG organisation in South Africa, yielding a response rate of 24.2%. Convenience sampling was used for this research. The target population were professional, management, technical, support, administrative, sales representative and frontline staff (i.e. white- workers and blue-collar workers), employed on a permanent basis by the organisation. This allowed for a rich and diverse representation of employees across the organisation. Table 3.1 indicates the biographical details of the respondents.

The majority of the sample consisted of 49.3% (n = 442) African, 26.3% white, 19.0% Asian and 5.0% coloured respondents. The gender split was 63.2% (n = 566) male, 24.0% female, with 12.8% of respondents not specifying their gender. Tenure with the organisation of more than ten years was the category in which the majority of the respondents fell (n = 293). Tenure with the organisation of less than one year was the least represented category, with only 5.0% (n = 45) of the respondents were in this category. Of the respondents, 20.9% (n =

187) had been with the organisation for one to three years, 19.9% (n = 178) for three to five years and 21.1% (n = 190) for five to ten years. Of the sample, 31.6% (n = 283) were employed at sales representative or clerical level, 30.2% (n = 271) at middle and junior management level, 24.3% (n = 218) at shopfloor level(e.g. forklift drivers and artisan assistants), 8% (n = 73) at executive and senior management level and 5% (n = 51) at supervisory management level. All of the respondents were permanent employees of the organisation.

Table 3.1

Demographic profile of the respondents

Variable	N	%
Gender		
Male	566	63.2
Female	215	24.0
Missing values	115	12.8
Race		
African	442	49.3
Asian	170	19.0
Coloured	40	4.5
White	236	26.3
Missing values	8	0.9
Tenure		
0–12 months	45	5.0
1–3 years	187	20.9
3–5 years	178	19.9
5–10 years	190	21.2
10+ years	293	32.7
Missing values	3	0.3
Job level		
Executive and senior management	73	8.1

Middle and junior management	271	30.2
Supervisory	51	5.7
Sales representative, clerical	283	31.6
Shopfloor	218	24.3
Missing values	0	0.0

3.2.4 Measuring instrument

The study used one measuring instrument to assess both variables in this study. The purpose of the measuring instrument was to assess the individual employees' perceptions of several dimensions of organisational climate in the company. The questionnaire measured organisational climate overall as well as various dimensions of organisational climate, including inspirational leadership, work environment and corporate reputation.

The original organisational climate questionnaire consisted of three main sections with a total of 222 items used to measure seven dimensions of organisational climate. The focus of section 1 was biographical information. The aim of section 2 was to gather information on organisational climate, and the section was divided into the main dimensions of inspirational leadership, corporate reputation and work environment. These three main dimensions were further subdivided into high performance culture and growth outlook under the inspirational leadership dimension; black economic empowerment and corporate image under the corporate reputation dimension; and human capital competitiveness, employee relations and organisational health under the work environment dimension. The questionnaire utilised a Likert-type scale with five alternative responses for each statement, ranging from strongly disagree (1) to strongly agree (5), with a central option (3) "neither agree or disagree". All the items were scored and the overall score for each dimension was obtained by calculating a mean score for each dimension.

3.2.5 Research procedure

Permission to conduct the research at the organisation and across all regions was obtained from the business director concerned. The questionnaire was administered to all employees during the annual organisational climate survey at the FMCG organisation. Data were collected over a period of one month through the distribution of the online questionnaires to the various regional human resource departments. The questionnaires were then printed and

human resources, in conjunction with the regional management teams, facilitated the completion of these questionnaires by individual employees. To ensure that all the employees had an opportunity to complete these questionnaires, the questionnaires were made available to every employee on the morning, afternoon and night shifts for a period of one month. Individuals received a questionnaire, envelope and confidentiality sticker. Once the questionnaire had been completed, the employee placed it in the envelope, sealed it and signed the register to indicate that it had been completed. Participation in the study was voluntary, and respondents were assured that their individual responses would remain confidential and anonymous. Since this is an annual process, no incentives were offered. The human resource representative then submitted all the sealed envelopes to an external organisation that recorded and analysed the data.

3.2.6 Data analysis

The statistical analyses were completed by means of the SPSS version 20, AMOS version 20 statistical program (2011).

3.3 RESULTS

Inspirational leadership and organisational climate

For the purposes of this study, the construct of leadership was referred to as inspirational leadership aligned to the statements dealing with the construct.. The climate of the organisation was measured using the organisational climate questionnaire. An explanatory factor analysis (EFA) was conducted to investigate the underlying factor structure of the questionnaire. A cut-off point of 0.4 was used. The Kaiser criterion specifies that factors with values of 1.00 or more should be retained and the scree test should be used to determine the number of factors to extract. It emerged from the use of the Kaiser criterion, that nine factors could be extracted, explaining 65.18% of the total variance. The new set of dimensions were named as organisational support, corporate image and governance, black economic empowerment, diversity, senior leadership behaviour, employee relations, innovation and empowerment, self-management practices and performance management (see table 3.2).

Table 3.2**Dimensions of organisational climate**

Dimension	Description
Performance management	Refers to the practices, policies and procedures used to manage employee performance
Self-management practices	Refers to the practices and behaviours adopted by employees in conducting their work
Innovation and empowerment	Refers to the amount of freedom employees feel they have to express and demonstrate new ways of working
Employee relations	Refers to the quality of the relationship between the employees and management
Senior leadership behaviour	Refers to the ability of senior leaders of the organisation to lead employees in the right direction and the senior leaders ability to make the right decisions for the good of the organisation
Diversity	Refers to the acceptance of and appreciation for various ethnic and gender groups in the workplace
Black economic empowerment	Refers to the promotion and advancement of black, coloured and Asian employees in the organisation
Corporate image and governance	Refers to the pride that employees feel in being associated with the organisation and the organisation's products and services
Organisational support	Refers to how valued and supported employees feel at work

The descriptive statistics, with specific reference to the mean and standard deviation, are provided in table 3.3. The table also provides the Cronbach alpha coefficients for the various organisational climate dimensions and the independent variable, inspirational leadership. The alpha coefficients of the climate dimensions range from 0.90 to 0.97, with only the performance management alpha coefficient of 0.86. The alpha coefficients of all ten dimensions were considered to have adequate internal consistency reliabilities because they were above the recommended cut-off of 0.70 (Nunnally, 1978). There were nine dimension scores ranging from 0.86 to 0.97, except for one dimension, inspirational leadership, which was reported at 0.72.

The climate score for the organisation was determined by calculating the overall mean scores. From table 3.3, it is evident that the climate dimension of the organisation can be described as positive owing to the overall mean score for all dimensions measuring above 3.2. According to Odendaal (1997), where a scale is 1 to 5 (strongly disagree to strongly agree), the suggested cut-off point is 3.2. This is supported by research conducted by the HSRC, which proposes that an average of 3.2 is a good guideline to differentiate between positive and negative perceptions (Castro & Martins, 2010).

Although positive, the dimensions of black economic empowerment (3.98) and diversity (3.97) were rated the lowest by employees. These two dimensions could therefore be regarded as areas requiring attention in organisation. The leadership behaviour of the organisation's leaders was also measured by asking questions relating to the behaviour of an employee's leader. The results indicate that employees were satisfied with the inspirational leadership (4.26) and the associated behaviour demonstrated by their leaders

Table 3.3**The means, standard deviations and Cronbach alphas for the dimensions of organisational climate and inspirational leadership**

Dimension	N	Mean	SD	Cronbach alpha	Number of items
Inspirational leadership	896	4.26	12.09	0.72	23
Organisational support	896	4.22	14.45	0.97	18
Corporate image and governance	896	4.37	8.08	0.96	15
Black economic empowerment	896	3.98	5.69	0.94	7
Diversity	896	3.97	4.95	0.92	6
Senior leadership behaviour	896	4.09	4.77	0.95	6
Employee relations	896	4.03	4.60	0.90	6
Innovation and empowerment	896	4.17	4.36	0.91	7
Self-management practices	896	4.35	3.48	0.91	6
Performance management	896	4.07	3.23	0.86	4

The SEM multivariate analysis technique was applied to confirm the factor analysis and determine the relationship between the construct of organisational climate, and the variable, inspirational leadership. Goodness-of-fit (GFI) tests determine whether the model that is being tested should be accepted or rejected, and if the model is accepted, the coefficients can then be interpreted (Garson, 2004). In this study, the GFI and the baseline fit measures (NFI, RFI, IFI, TLI, CFI) were reported. Model 1 (as per figure 3.1) confirmed the positive relationship of 0.88 between inspirational leadership and organisational climate.

The (GFI was 0.841, which is a slightly inadequate fit. GFI ranges were from 0 to 1, and should be equivalent or greater than 0.9 (Schumacker & Lomax, 2004).

The normed fit index was 0.927, the relative fit index 0.906, the incremental fit index 0.930, the Tucker-Lewis index 0.910 and the comparative fit index (CFI) 0.930. These results indicate an adequate fit since all these values are close to the recommended perfect fit, where 0 indicates “no fit” and 1 indicates a “perfect fit” (Schumacker & Lomax, 2004). Table 3.4 indicates high levels of correlation between inspirational leadership and the climate dimensions, explaining between 65.3% and 87.7% of the variance.

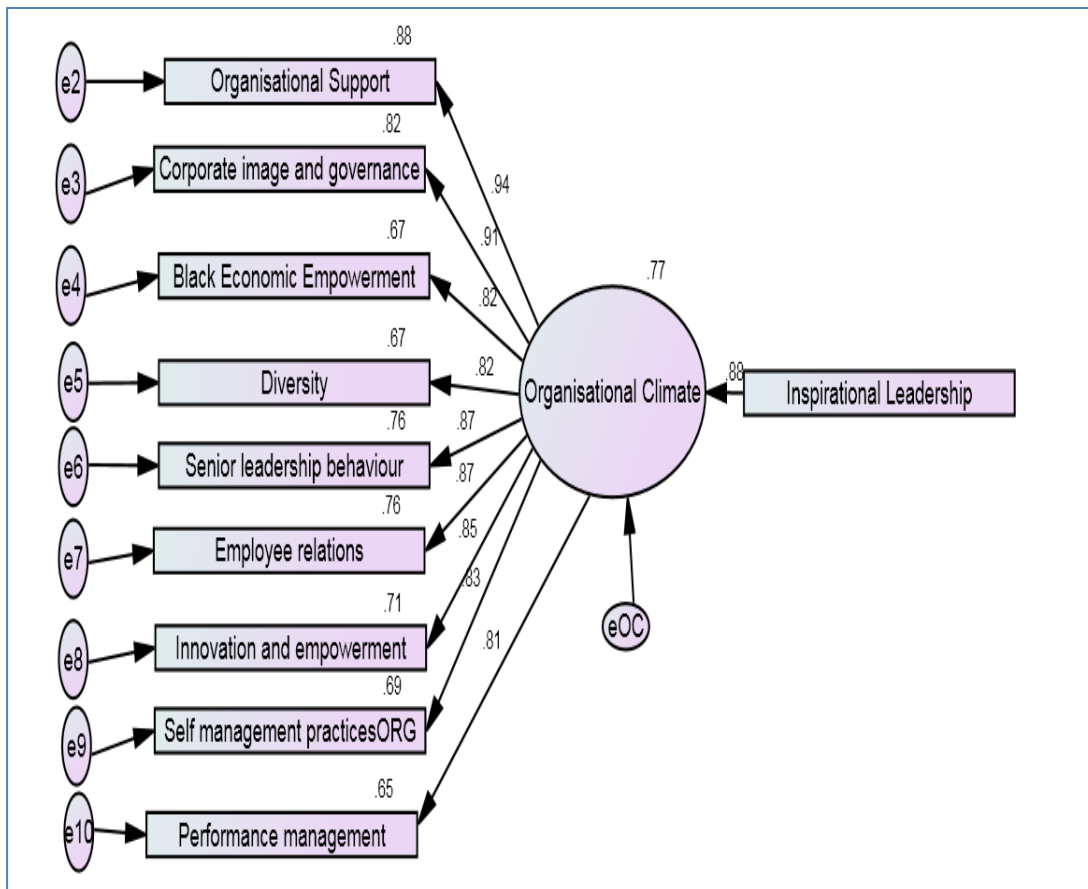


Figure 3.1: Model 1: inspirational leadership and organisational climate relationship

In figure 3.1, the arrows indicate a direct causal relationship. The figures above these arrows indicate the impact caused by the variable on the dimensions, and the figures above the dimensions indicate the variance explained by this dimension on the variable.

The regression coefficients indicated a causal relationship between inspirational leadership and organisational. Table 3.4 and figure 3.1 seem to indicate that the variable, inspirational leadership (0.77), had an impact on the variable, organisational climate, and explained 77% of the variance. Organisational climate (0.94) had the highest impact on organisational support, and organisational climate explained 88% of the variance in organisational climate.

Conversely, organisational climate (0.81) had the lowest impact on performance management, and similarly, performance management accounted for 65% of the variance in organisational climate.

Table 3.4**Squared multiple correlations (organisational climate relationship)**

Dimension	Estimate
Inspirational leadership	0.770
Performance management	0.653
Self-management practices	0.689
Innovation and empowerment	0.715
Employee relations	0.756
Senior leadership behaviour	0.755
Diversity	0.667
Black economic empowerment	0.673
Corporate image and governance	0.822
Organisational support	0.877

The regression model is part of the SEM process and confirmed the relationships between the various dimensions. The SEM regression analysis results showing the causal relationships are depicted in table 3.5.

Table 3.5**Standardised regression weights: organisational climate**

	Estimate
Organisational climate <--- Inspirational leadership	.877
Organisational support <--- Organisational climate	.937
Corporate image and governance <--- Organisational climate	.907
Black economic empowerment <--- Organisational climate	.820
Diversity <--- Organisational climate	.817
Senior leadership behaviour <--- Organisational climate	.869
Employee relations <--- Organisational climate	.870
Innovation and empowerment <--- Organisational climate	.845
Self-management practices <--- Organisational climate	.830
Performance management <--- Organisational climate	.808

The results suggest that inspirational leadership does have a causal relationship with organisational climate. This confirms that all the dimensions were generally intercorrelated to a great extent.

3.4 DISCUSSION

As stated previously, the main aim of this study was to explore the relationship between leadership and organisational climate.

3.4.1 Summary of the findings

The results of the research study indicate that the overall organisational climate of the FMCG organisation was satisfactory with a mean of 4.14 (the cut-off score was 3.2). In addition, the results also reported a strong positive relationship between inspirational leadership and organisational climate (0.88). These results were consistent with previous research studies conducted in which the relationship between various leadership styles and organisational climate was investigated (Cloete, 2011).

The statements were grouped into dimensions, and a model indicating nine dimensions of organisational climate was developed on the basis of the organisational climate questionnaire. SEM multivariate analysis was conducted to determine the relationship between the various organisational climate dimensions. The results reported that there was a positive relationship between organisational climate and each of the nine dimensions. Hence, in terms of the second aim of this research, the main dimensions impacting on organisational climate were identified with organisational support and corporate image and governance impacting the most on organisational climate. The lowest relationship reported was between organisational climate and performance management and then black economic empowerment and diversity. However, these relationships were still extremely high. This is consistent with research findings on the challenges facing South African business leaders in which black economic empowerment and cultural and workforce diversity were among the main challenges identified (Baicher, 2005). Similarly, research conducted by Botha and Claassens (2010) concluded that South African organisations have to contend with unique issues relating to cultural diversity, and leadership programmes need to place more emphasis on African leadership competencies to address the needs of this particular society.

As mentioned previously, the sample consisted of 49.3% African, 19.0% Asian and 5.0% coloured South African respondents. This could explain the lowest relationships identified, since the researcher suggests these areas are investigated and aligned to the concepts of African leadership in the organisation.

3.4.2 Managerial implications

Owing to the existence of a relationship between leadership and organisational climate, it is proposed that the organisational leaders' practices should be altered to achieve even higher levels of positive organisational climate. In the South African context, business leaders face numerous generic and unique challenges such as globalisation, diversity, black economic empowerment and transformation. Industrial/organisational psychologists could support the process through specific leadership interventions including executive coaching programmes, behavioural assessments followed by leadership effectiveness training. Furthermore, as mentioned earlier, to address diversity, South African organisations' leadership programmes need to place more emphasis on African leadership competencies (Botha & Claassens, 2010).

Aligning an organisation's value system to those values held by the majority of the people of the organisation and country could further enhance the organisational climate. These organisational values would include interconnectedness, collectivism, solidarity, dignity and respect. Teams and autonomous work groups could be used to promote collectivism and solidarity. This form of work could change the way in which critical business issues are addressed such as decision making and employee competence development (Botha & Claassens, 2010).

The performance management practices, policies and procedure used to manage employee performance that take into account the organisational goals could create a sense of interconnectedness between employees, and the reward system could be used to further enhance the sense of interconnectedness, collectivism, solidarity, dignity and respect.

Building and maintaining quality relationships between employees and management would further enhance the organisational climate of the organisation. This could be achieved as part of the talent management process of engaging, developing and managing employees. In regular one-on-one discussions between the manager and employees, a platform is created to raise and address challenges, brainstorm approaches and address the needs of both parties.

3.4.3 Limitations and recommendations

Since the research study was conducted in only one FMCG organisation, the results cannot be generalised to all organisations in the various industries in South Africa. Owing to the fact that the study explored the individual employee's perception of various dimensions of organisational climate, including leadership, it was difficult to draw definite parallels in the results of previous research studies investigating leadership styles and organisational climate in which leadership style questionnaires were used to measure specific leadership styles. The questionnaire was developed specifically for the organisation in which the study was conducted and may therefore not be suitable for other organisations.

The recommendation for future research is that samples should include employees from various industries in South Africa. The use of a measuring instrument assessing specific leadership styles would enhance the quality of the findings and recommendations.

CHAPTER 4 CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

Chapter 1 outlined the purpose, research questions, aims and overall rationale for conducting the research study, namely examining the relationship between leadership and organisational climate.

In order to explore and examine these two constructs, an extensive literature review was conducted and then summarised and presented in chapter 2. It was anticipated that the data and results provided through this study would be useful for organisations and their leaders to improve the organisational climate by investing resources in the few key areas that would lead to the most significant improvement.

To understand and determine the relationship between leadership and organisational climate, research was conducted and the data gathered by means of a questionnaire. The research method and the results were discussed in chapter 3.

The central purpose of this research study was to determine the relationship between leadership and organisational climate and to define the dimensions of organisational climate in order to understand how the phenomenon can be influenced. The SEM multivariate analysis technique was applied to determine and confirm the relationships.

This chapter provides a summary of the main findings relating to the literature review in chapter 2, and conclusions will be drawn on the basis of the empirical research. The limitations in the theoretical and empirical research will also be highlighted. Finally, recommendations will be made for practical application and possible future research.

4.1 CONCLUSIONS

This section focuses on the conclusions pertaining to the literature review and empirical research.

4.1.1 Conclusions relating to the literature review

The exploration and examination of the two constructs, leadership and organisational climate, were the central themes in this research, and the purpose of the review of existing literature was to address the research questions formulated in chapter 1. To address these questions, the specific aims of the literature review will be discussed in the subsections below.

4.1.1.1 Specific aim 1: conceptualise leadership and determine its main components

A review of the literature indicated that there is a large body of research on leadership, including a multitude of definitions. For the purpose of this study, leadership was defined as a process in which an individual influences a group of individuals to achieve a common objective (Northouse, 2001). Of critical importance is the need for strong leadership in organisations operating in an ever-changing and turbulent environment. Leadership is seen as an essential element in improving the performance, growth and sustainability of an organisation.

There are various approaches to leadership (Bass, 1990) which include the following: leadership as personality and its effects; leadership as a type of behaviour; leadership as a mechanism for achieving a goal or set of goals; leadership as a differentiated role or position; leadership as the ability to induce compliance; or a combination of all these approaches. All these approaches were relevant in terms of the employees' experience of their managers' leadership practices.

Most leadership theories have originated in the Western world, and the main elements referred to in leadership theory are the leaders, the followers and the situation or context. In this research study, the traditional leadership theories such as the trait, behavioural and contingency leadership theories were explored, as well as modern leadership theories such as the neocharismatic and the African leadership theories.

According to Khoza (2000), organisations in South Africa need to consider the traditions and culture of African employees, especially the concept of community. Furthermore, Khoza (2000) explains that African leadership is characterised by a focus on people, their dignity and

the collective unit and its brotherhood, commonly referred to as *Ubuntu*. Van der Colff (2003) further emphasises participation, duty and spiritual authority as fundamental elements.

Tajasom and Ahmad (2011) explored the effect of leadership style on school climate from the teachers' perspectives in Malaysia. The findings indicated that transformational leadership has an effect on four aspects of climate (affiliation, innovation, professional interest and resource adequacy), whereas transactional leadership impacted only on participatory decision making. Stroud (2009) investigated the relationship between senior leadership competencies and employee engagement in the leaders' organisational units. The results showed that integrity as well as collaboration and teaming are two definite competencies among senior leaders that seem to have meaningful positive relationships with employee engagement. However, the self-awareness and adaptability competency of senior leaders and employee engagement was not significant. Lockwood (2008) conducted a quantitative, descriptive correlation study to examine the relationship between employee self-efficacy, perceived supervisor leadership style and employee engagement for a blue-collar work population. The results showed a moderate positive relationship between the perceived transformational leadership of the supervisor and employee engagement levels, and a moderate negative relationship between the perceived laissez-faire leadership style of the supervisor and engagement levels of the supervisor. Haakonsson et al. (2008) conducted an investigation on how misalignments between the organisational climate (measured as information-processing demand) and leadership style (measured as information-processing capability) may result in negative performance. The research findings indicated that misalignments between organisational climate and leadership style are problematic for business performance and that in the case of misfits, either the organisational climate or the leadership style needs to be changed.

There are a number of compelling reasons why organisations need to focus on developing leaders (Chung & Lo, 2007; O'Regan et al., 2005; Rowold, 2011), particularly in South Africa, where long-term sustainable growth for the country is critical (Lear, 2012). According to Munsamy (2007), several steps are followed in developing a leadership development strategy that is aligned to business strategy and objectives. Robbins and Judge (2011) highlight how leaders can be identified and the various leadership training and development interventions that exist. Of significance here is that organisations need to understand how to achieve maximum benefits by investing in leadership development. Hence leadership development

should translate into a positive impact on the bottom-line results such as an improvement in an organisation's financial performance and productivity.

4.1.1.2 Specific aim 2: conceptualise organisational climate and its main dimensions

Extensive literature indicates that in the past 50 years, the role and value of organisational climate and its impact on organisational outcomes have been researched and well documented. Jing et al. (2011) reported that organisations that create an environment in which employees can develop, are fully engaged and motivated, and this can enhance business performance (both financial and nonfinancial). Organisational climate is therefore seen as key driver of business success.

What is also clear from the literature is the lack of a general definition of organisational climate. However, one of the earliest and most commonly accepted definitions (based on quotations of organisational climate) (James & Jones, 1974; Johannesson, 1973; Moran & Volkwein, 1992; Woodman & King, 1978) is that of Forehand and Gilmer (1964), who describe organisational climate as a set of characteristics that describes an organisation, distinguishes one organisation from the next, and is relatively stable over time and can influence the behaviour of the organisation's members.

Studies examining climate are more empirical than theoretical, because climate research has been developed from Lewins's field theory and social psychology, which utilise quantitative assessment methods such as surveys, questionnaires and statistical analysis (Moran & Volkwein, 1992). The interactive approach was adopted in this study. This approach maintains that individual employees develop shared perceptions of the environment through their interaction with it (Moran & Volkwein, 1992). Climate provides meaning for employees and allows for a sense of self in a particular environment.

Organisational climate is a conceptually integrated combination of organisational characteristics and can be measured and controlled (Forehand & Glimmer, 1964). According to Litwin and Stringer (1968), there are nine dimensions of organisational climate, namely structure, responsibility, reward, risk, warmth, support, standards, conflict and identity.

Campbelle et al. (1970) proposed the climate dimensions of individual autonomy, degree of structure imposed, reward orientation and consideration, warmth and support. Since several dimensions of climate are linked to both cognitive and affective sources of motivation and job satisfaction (Reichers & Schneider, 1990), additional climate dimensions of goal emphasis, means emphasis, reward orientation, task support and socioemotional support were proposed by Kopelman et al (1990).

According to Schneider (1975), the focus should shift to a specific climate category. However, the benefit of utilising generic scales to measure organisational climate is that it is not limited to a specific focus of study, and organisations will be able to identify exactly what areas to focus on and will be able to determine the overall climate of a specific organisation (Castro & Martins, 2010).

The organisation's overall feel for the place assumes a critical role in shaping front-line employees' attitude towards the process and output of service delivery. It is recommended that managers should regularly conduct climate surveys to examine their employees' perceptions and take the necessary remedial measures to correct any misperceptions or organisational areas for improvement

4.1.1.3 Specific aim 3: conceptualise the theoretical relationship between leadership and organisational climate

Early research conducted by Litwin and Stringer (1968) concluded that there is a link between leadership style and organisational climate. This hypothesis was supported by Greyvenstein (1982), who determined that altering leadership style results in a change in organisational climate, which in turn impacts on employees' motivation levels, thereby affecting job performance and job satisfaction.

Goleman (2000) reported on a correlation between six leadership styles and organisational climate. The study concluded that organisational climate correlated negatively with coercive leadership style (-0.26) and pacesetting leadership style (-0.25). Positive correlations were found between organisational climate and the authoritative leadership style (0.54), the

affiliative leadership style (0.46), the democratic leadership style (0.43) and the coaching leadership style (0.42)

Cloete (2011) explored the relationship between leadership style and organisational climate in the South African context and reported the existence of a relationship between various leadership styles (i.e. the authoritative, democratic and pacesetting styles) and organisational climate. This study found that the pacesetting leadership style contributed the lowest unique variance to organisational climate, whereas Goleman (2000) found a negative correlation between the pacesetting leadership style and organisational climate.

It is evident from these theoretical findings that both leadership and organisational climate are critical contributors to organisational performance and sustainability.

The next section summarises the findings of the empirical research.

4.1.2 Conclusions relating to the empirical research

The empirical findings of this research study confirmed the results of previous research and expanded knowledge of this topic in the South African context. The primary aim was to determine whether or not there is a statistically significant relationship between inspirational leadership and organisational climate. The three specific empirical aims formulated for the empirical research will be discussed in the subsections below.

4.1.2.1 Specific aim 1: investigate the organisational climate in a South African FMCG

The climate in the organisation was determined by consolidating the mean scores of the organisational climate dimensions. The results indicated that the organisation's employees generally regarded the organisational climate as positive. The mean score for both organisational climate and all the dimensions of organisational climate measured above 3.97. According to Odendaal (1997), where a scale is 1 to 5 (strongly disagree to strongly agree), the suggested cut-off point is 3.2 and this is supported by research conducted by the HSRC which proposes that an average of 3.2. This is regarded as an appropriate guideline for differentiating between positive and negative perceptions (Castro & Martins, 2010).

Although positive, the dimensions of black economic empowerment (3.98) and diversity (3.97) were rated the lowest by employees. This is consistent with research findings on challenges facing South African business leaders in which black economic empowerment and cultural and workforce diversity were among the main challenges identified (Baicher, 2005). Similarly, research conducted by Botha and Claassens (2010) concluded that South African organisations have to contend with unique issues relating to cultural diversity, and leadership programmes need to place more emphasis on African leadership competencies to address the needs of this particular society. The leadership behaviour of the organisation's leaders was also measured by asking questions relating to the behaviour of an employee's leader. The results indicated that employees were satisfied with inspirational leadership (4.26) and the associated behaviours demonstrated by their leaders.

4.1.2.2 Specific aim 2: determine the main dimensions of organisational climate in a South African FMCG organisation.

The climate of the organisation was measured using the organisational climate questionnaire. An explanatory factor analysis (EFA) was conducted to investigate the underlying factor structure of the questionnaire. A cut-off point of 4 was used. The Kaiser criterion specifies that factors with eigenvalues of 1.00 or more should be retained and the scree test should be used to determine the number of factors to extract. After applying Kaiser's criterion, nine factors could be extracted, explaining 65.182% of the total variance. The new set of dimensions were organisational support, corporate image and governance, black economic empowerment, diversity, senior leadership behaviour, employee relations, innovation and empowerment, self-management practices and performance management.

Chapter 3 (table 3.1) defined each of these organisational climate dimensions. This table indicated Cronbach alpha coefficients for each dimension and the total scale. All the alpha coefficients ranged from 0.90 to 0.97 with only the performance management alpha coefficient at 0.86. The alpha coefficients of all the dimensions were deemed to have adequate internal consistency.

4.1.2.3 Specific aim 3: investigate whether or not there is an empirical relationship between leadership and organisational climate

The relationship between leadership and organisational climate in an organisation in South Africa was determined and the results discussed in chapter 3. The results provided in table 3.5 suggested that inspirational leadership has a causal relationship with the organisational climate variable.

4.2 LIMITATIONS OF THE RESEARCH

The limitations identified in the literature review and empirical study are outlined below.

4.2.1 Limitations of the literature review

The concept of leadership is multifaceted, and there is not only a large body of research on leadership, but also a fair amount of controversy and conflicting views on the definition and theories. The extensive literature available and divergent views made the task of summarising the literature for the purpose of this specific study a complex task.

4.2.2 Limitations of the empirical study

Since the research study was conducted in only one FMCG organisation, the results cannot be generalised to all organisations in various industries in South Africa. The instrument that was used was developed on the basis of the specific requirements of organisations, and the researcher was unable to determine the specific leadership model or theory on which the leadership dimension was based. Since the study explored the individual employee's perception of various dimensions of organisational climate, including leadership, it was difficult to draw definite parallels in the results of previous research studies investigating leadership styles and organisational climate in which leadership styles questionnaires were used to measure specific leadership styles.

While acknowledging the above limitations, the potential value of this research in enhancing the understanding of leadership and organisational climate in the South African work context should not be underestimated.

The next section makes recommendations for future research.

4.3 RECOMMENDATIONS

In future research, the samples could include employees from various industries in South Africa. The use of a measuring instrument assessing specific leadership styles would enhance the quality of the findings and recommendations. Although this study did confirm the existence of a relationship between leadership and organisational climate, further value could be added by investigating the relationship between specific leadership styles and organisational climate. The instrument used could also measure specific leadership styles. In addition, in order to enhance the value of the findings, the impact that organisational climate has on business performance could be explored.

Since a relationship between leadership and organisational climate exists, it is proposed that the organisational leaders' practices be altered to achieve even higher levels of positive organisational climate. In the South African context, business leaders face numerous generic and unique challenges such as globalisation, diversity, black economic empowerment and transformation. Industrial/organisational psychologists could support the process through specific leadership interventions, including executive coaching programmes and behavioural assessments followed by leadership effectiveness training. Furthermore, as mentioned earlier, to address diversity, South African organisations' leadership programmes need to place more emphasis on African leadership competencies (Botha & Claassens, 2010).

Aligning an organisation's value system to those values held by the majority of the people of the organisation and country could further enhance the organisational climate. These organisational values would include interconnectedness, collectivism, solidarity, dignity and respect. Teams and autonomous work groups could be used to promote collectivism and solidarity. This form of work could change the way critical business issues are addressed such as decision making and employee competence development (Botha & Claassens, 2010).

The performance management practices, policies and procedures used to manage employee performance that take into account the organisational goals can create a sense of interconnectedness between employees and the reward system could be used to further enhance the sense of interconnectedness, collectivism, solidarity, dignity and respect.

Building and maintaining quality relationships between employees and management would further enhance the organisational climate of the organisation. This could be achieved as part of the talent management process of engaging, developing and managing employees. In regular one-on-one discussions between the manager and employee a platform is created to raise and overcome challenges, brainstorm approaches and address needs of both parties.

A further consideration for industrial/organisational psychologists is that organisational climate is unique to a particular organisation and should therefore be analysed in the context of the organisation. These findings provide input into organisational development projects. However, the organisational climate findings and areas requiring improvement should not be generalised across organisations.

4.4 CHAPTER SUMMARY

In this chapter, conclusions were drawn, the limitations of the study discussed and recommendations made. Conclusions were drawn from both a theoretical and an empirical research perspective. The outcomes of this research build on existing knowledge of the relationship between leadership and organisational climate, specifically in the South African context.

REFERENCES

- Anderson, T. D., Ford, R., & Hamilton, M. (1998). *Transforming leadership: Equipping yourself and coaching others to build leadership organisation* (6th ed.). London: St Lucie Press.
- Ash, P. R. (1983). *An investigation of organizational climate: Definition, measurement and usefulness as a diagnostic technique*. Columbia: University Microfilms International.
- Ashforth, B. E. (1985). Climate formation: Issues and extensions. *Academy of Management Journal*, 10(4), 837-847.
- Baicher, R. (2005). *Leadership competencies of successful business leaders in South Africa*. Master's dissertation. Pretoria: University of South Africa.
- Baltes, B., Zhdanova, L., & Parker, C. (2009). *Psychological climate: A comparison of organizational and individual level referents*. *Human Relations*, 6 (5), 669-700.
- Bass, B. M. (1990). *Bass and Stogdill's handbook of leadership* (3rd ed.). New York: Free Press.
- Bergh, Z., & Theron, A. (2003). *Psychology in the work context* (2nd ed.). Cape Town: Oxford University Press Southern Africa.
- Bevins, G.D. (1987). *Theory and practice at an Australian university*. Doctoral thesis. Montreal: McGill University.

- Bishop, D. (2003). *The relationship between faculty perceptions of music unit administrators' leadership behaviour and organizational climate*. Doctoral thesis. Oxford: University of Mississippi.
- Blau, P. M. (1964). *Exchange and power in social life*. New York: Wiley.
- Block, L. (2003). The leadership-culture connection: An exploratory investigation. *Leadership and Organization Development Journal*, 24(5), 318-334.
- Bolan, L. G., & Deal, T. E. (1997). *Reframing organizations: Artistry, choice, and leadership* (2nd ed.). San Francisco: Jossey-Bass.
- Botha, S., & Claassens, M. (2010). Leadership competencies: The contribution of the Bachelor in Management and Leadership (BML) to the development of Leaders at First National Bank, South Africa. *International Business and Economics Research Journal*, 9(10), 77-87.
- Bovaird, T., & Löffler E. 2003. *Public management and governance*. London: Routledge.
- Brewster, C., Carey, L., Dowling, P., Grobler, P., Holland, P., & Warnich, S. (2003). *Contemporary issues in human resource management* (2nd ed.). Cape Town: Oxford University Press Southern Africa.
- Burke, R. J. & Cooper, C. L. (2004). *Leading in turbulent times*. Oxford, MA: Blackwell.
- Burrell, G., & Morgan, G. (1979). *Sociological paradigms and organizational analysis*. London: Routledge.

Bush, T. & West-Burnham, J. (1994). The principles of educational management. *Financial Times*. Harlow: Longman.

Campbell, J., Dunnette, M., Lawler, E., & Weick, K. (1970). *Managerial behaviour, performance and effectiveness*. New York: McGraw-Hill.

Carr, J. Z., Schmidt, A. M., Ford, J. K., & DeShon, R. P. (2003). Climate perceptions matter: A meta-analytical path analysis relating molar climate, cognitive and affective states, and individual level work outcomes. *Journal of Applied Psychology*, 88(4), 605-619.

Casio, W. F. (2010). *Managing human resources: productivity, quality of work life, profits* (8th ed.). New York: McGraw-Hill/Irwin.

Castro, M., & Martins, N. (2010). The relationship between organisational climate and employee satisfaction in a South African information and technological organisation. *South African Journal of Industrial Psychology*, 36(1), 1-9.

Chatman, J. (1989). Improving international organizational research: A model of person-organization fit. *Academy of Management Review*, 14(3), 333-349.

Christensen, L.B. (1997). *Experimental methodology* (7th ed.). Boston: Allyn & Bacon.

Chung, R., & Lo, C. (2007). The relationship between leadership behaviour and organizational performance in non-profit organizations, using social welfare charity foundations as an example. *Journal of American Academy of Business*, 12(1), 83-87.

Clark, M., & Tudor, R. (2006). *Dilemmas of leadership*. New York: Routledge.

Cloete, M. (2011). *The relationship between leadership styles and organisational climate*. Master's dissertation. Pretoria: University of South Africa.

Conger, J. A. (1999). Charismatic and transformational leadership in organisations: An insider's perspective on these developing streams of research. *The Leadership Quarterly*, 10(2), 145-179.

Cooper, C. L., & Burke, R. J. (2002). *The new world of work*. Routledge: London.

Corey, G. (2005). *Theory and practice of counselling and psychotherapy* (7th ed.). Belmont, CA: Brooks/Cole-Thomson Learning.

Denison, D. R. (1990). *Corporate culture and organizational effectiveness*. New York: Wiley.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. *Academy of Management Journal*, 21(3), 619-654.

Dippenaar, H., & Roodt, G. (1996). Aanpassing en evalueerig van die Litwin en Stringer klimaatmeetingsvraelys (Adaptation and evaluation of the Litwin and Stringer climate questionnaire). *South African Journal of Industrial Psychology*, 22(2), 20-25.

Field, R. H. G., & Abelson, M. A. (1982). Climate: A reconceptualization and proposed model. *Human Relations*, 35(3), 181-201.

Forehand, G. A., & Gilmer, B. v. H. (1964). Environmental variation in studies of organizational behaviour. *Psychological Bulletin*, 62(6), 361-380.

Garson, G. D. (2004). *Structural equation modeling*. Retrieved November 20, 2012, from <http://www2.uta.edu/ssw/indel/S6367/SEM/Principles%20of%20SEM.pdf>

Gerber, F. J. (2003). *Die invloed van organisasieklimaat op werksmotivering* (The influence of organisational climate on work motivation). Master's dissertation. Pretoria: University of South Africa.

Gerzon, M. (2006). *Leading through conflict: how successful leaders transform differences into opportunities*. Boston: Harvard.

Gibson, J. L., Ivancevich, J. M., & Donnelly, J. H. (1997). *Organizations: Behavior, structure, processes* (9th ed.). Chicago: Irwin.

Glisson, C., & James, L. R. (2002). The cross-level effects of culture and climate in human service teams. *Journal of Organizational Behavior*, 23(6), 767-794.

Goleman, D. (2000). Leadership that gets results. *Harvard Business Review*, 78(2), 78-91.

Gray, R. J. (2001). Organisational climate and project success. *International Journal of Project Management*, 19(2), 103-109.

Greenberg, J., & Baron, R. A. (1993). *Behavior in organizations: Understanding and managing the human side of work* (4th ed.). Needham Heights, MA: Allyn & Bacon.

Gregory, R. J. (1996). *Psychological testing: History, principles and applications* (2nd ed.). Boston: Allyn & Bacon.

Greyvenstein, L. C. J. (1982). *The role of the chief executive officer in generating organisational climate in a South African banking organisation*. Master's dissertation. Pretoria: University of South Africa.

Griffin R. W. (2005). *Management*. Boston: Houghton Mifflin.

Haakonsson, D. D., Burton, R. M., Obel, B., & Lauridsen, J. (2008). How failure to align organizational climate and leadership style affects performance. *Management Decision*, 46(3), 406-432.

Hackman, J. R., & Wageman, R. (1995). Total quality management: Empirical, conceptual, and practical issues. *Administrative Science Quarterly*, 40(2), 309-342.

Halpin, A. W., & Croft, D. B (1963). *The organizational climate of schools*. Chicago: Midwest Administration Center.

Harris, I. H. (2001). *Examining the relationship between emotional intelligence competencies in NCAA division, athletic directors and the organisational climates within their departments*. Doctoral thesis. Ames: Iowa State University.

Heyart, B. (2011). *The role of organizational climate and culture in service encounters*. Doctoral thesis. Detroit: Wayne State University.

House, R. J. & Aditya, R. N. (1997). The social scientific study of leadership: Quo vadis? *Journal of Management*, 23(3), 409-474

International Labour Organisation report on Global Employment Trends. (S.a.). Retrieved September, 20, 2012, from <http://www.ilo.org/global/research/global-reports/global-employment-trends/lang--en/index.htm>.

Ismail, A., Mohamed, H. A., Suliman, A. Z., Mohamad, M. H., & Yusaf, M. H. (2011). An empirical study of the relationship between transformational leadership, empowerment and organizational commitment. *Business and Economics Research Journal*, 2(1), 89–107.

Ivancevich, J. M., & Matteson, M. T. (2002). *Organizational behaviour and management* (6th ed.). Boston: McGraw-Hill.

Jaques, S., & Clement, S. (1991). *Executive leadership: A practical guide to managing complexity*. Cambridge, MA: Blackwell.

James, L. R., James, L. A., & Ashe, D. K. (1990). *The meaning of organizations: The role of cognition and values*. San Francisco: Jossey-Bass.

James, L. R., & Jones, A. P. (1974). Organizational climate: A review of theory and research. *Psychological Bulletin*, *81*(12), 1096-1112.

Jing, F. F., Avery, G. C., & Bergsteiner, H. (2011). Organizational climate and performance in retail pharmacies. *Leadership and Organization Development Journal*, *32*(3), 224-242.

Johannesson, R. R. (1973). Some problems in the measurement of organizational climate. *Organizational Behavior and Human Performance*, *10*(1), 118-114.

Joyce, W. F., & Slocum, J. W. (1984). Collective climate: Agreement as a basis for defining aggregate climates in organizations. *Academy of Management Journal*, *27*(4), 721-742.

Khoza, R. (2000). The need for an Afro-centric approach to management and within it, a South African-based management approach. *Managing in Health and Social Care*, 43-45.

Kinicki, A., & Fugate, M. (2012). *Organizational behavior: Key concepts, skills and best practices* (5th ed.). New York: McGraw-Hill/Irwin.

Koene, B., Vogelaar, A., & Seoters, J. (2002). Leadership effects on organisational climate and financial performance: Local leadership effect in chain organizations. *Leadership Quarterly*, *13*(3), 193-216.

Kopelman, R. E., Brief, A. P., & Guzzo, R. A. (1990). The role of climate and culture in productivity. In B. Schneider (Ed.). *Organizational climate and culture*. San Francisco: Jossey-Bass.

Koyuncu, M., Burke, R. J., & Fiksenbaum, L. (2006). Work engagement among women managers and professionals in a Turkish bank: Potential antecedents and consequences. *Equal Opportunities International*, *25*(4), 299-310.

- Kungis, J. P. (2006). *Leadership and productivity: A study of the perceptions of the non-supervisory civilian personnel at the garrison*. Doctoral thesis. Minneapolis: Capella University.
- Lawler, E. E. (2003). *Treat people right*. San Francisco: Jossey-Bass.
- Lawler, E. E., Hall, D. T., & Oldham, G. R. (1974). Organizational climate: Relationship to organizational structure, process, and performance. *Organizational Behavior and Human Performance*, 11(2), 139-155.
- Lawrence, A. T., & Weckler, D. A. (1990). Can NUMMI's team concept work for you? Part I: A bicultural experiment. *Northern California Executive Review*, 2(1), 12-17.
- Lear, L.W. (2012). *The relationship between strategic leadership and strategic alignment in high-performing companies in South Africa*. Doctoral thesis. Pretoria: University of South Africa.
- Lewin, G. H., Lippitt, R., & White, R. K. (1939). Patterns of aggressive behaviour in experimentally created "social climates". *Journal of Social Psychology*, 10(2), 271-299.
- Lewis, P. S., Goodman, S. H., & Fandt, P. M. (2004). *Management challenges for tomorrow's leaders*. Mason, OH: Thomson.
- Lindbeck, R. (2004). *A study of the relationship between leadership styles and organizational climate and the impact of organizational climate on business results*. Doctoral thesis. Malibu: Pepperdine University.
- Litwin, G., & Stringer, R. (1968). *Motivation and organizational climate*. Cambridge, MA: Harvard University Press.
- Lockwood, M. A. (2008). *The relationship of self-efficacy, perceptions of supervisor leadership styles and blue-collar employee engagement*. Doctoral thesis. Phoenix: University of Phoenix.

- Lowenberg, G., & Conrad, K. A. (1998). *Current perspectives in industrial/organizational psychology*. Boston: Allyn & Bacon
- Lussier R. N., & Achua C. F. (2004). *Leadership theory, application, skill development*. Eagan: Thomson South-Western.
- Mahal, P.K. (2009). Organizational culture and organizational climate as a determinant of motivation. *The IUP Journal of Management Research*, 8(10), 38-51.
- Maurik, J. (2001). *Writers on leadership*. London: Penguin.
- Maxwell, J. C. (1999). *The 21 indispensable qualities of a leader: Becoming the person others will want to follow*. Nashville, TN: Thomas Nelson.
- Mbigi, L. (2004). Leadership: In search of an African spirit. *Business in Africa*, 38-41.
- McGregor, D. M. (1960). *The human side of enterprise*. New York: McGraw-Hill.
- Medhurst, A., & Albrecht, S. (2011). Salesperson engagement and performance: A theoretical model. *Journal of Management and Organization*, 17(3), 398-411.
- Miller, A. R. (2003). *An analysis of the relationships between the perceived organizational climate and professional burnout in libraries and computing centers in West Virginia Public Higher Education Institutions*. Doctoral thesis. Huntington: Marshall University.
- Mineo, F. P. (2009). *An examination of the relationship between leadership styles and organizational sector culture for the emergency medical services leader*. Doctoral thesis. Minneapolis: Capella University.

- Moore, J. (2004). Where do you start with leadership development. *Development and Learning Organisations*, 18(5), 7-9.
- Moran, E. T., & Volkwein, J. F. (1992). The cultural approach to the formation of organizational climate. *Human Relations*, 45, 19-47. DOI:10.1177/001872679204500102.
- Mosser, N.R. (2000). *A study of the relationship between the perceived leadership style of nursing chairpersons and the organizational climate in baccalaureate nursing programs*. Doctoral thesis. Morgan Town: West Virginia University.
- Mouton, J. (2001). *How to succeed in your master's and doctoral studies: A South African guide and resource book*. Pretoria: Van Schaik.
- Mouton, S., & Marais, H. C. (1994). *Basic concepts in the methodology of the social sciences*. Pretoria: HSRC.
- Muchinsky, P. M. (1993). *Psychology applied to work: An introduction to industrial and organisational psychology*. (2nd ed.). Pacific Grove, CA: Brooks/Cole.
- Munsamy, S. (2007). *An investigation into the leadership development strategy implemented by a manufacturing organization in South Africa*. Master's dissertation. Pretoria: University of South Africa.
- Murray, R. E. (1999). *Job satisfaction of professional and paraprofessional library staff of North Carolina at Chapel Hill*. Master's dissertation. Chapel Hill: University of Carolina.
- Myeni, A. (2010). *Leadership behaviour and employee morale within the department of agriculture*. Doctoral thesis. Pretoria: University of South Africa.

Nagy, C.J. (2008). *Emotional intelligence and leadership effectiveness: a correlation study*. Doctoral thesis. Phoenix, University of Phoenix.

Northouse, P. G. (2001). *Leadership: theory and practice*. Thousand Oaks, CA: Sage.

Nunnally, J. C. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.

Odendaal, A. (1997). *Deelnemendebestuur en korporatiewekultuur: Onafhanklikekonstrukte?* (Participative management and corporate culture: Independent constructs?). Master's dissertation. Johannesburg: Rand Afrikaans University.

Ogbonna, E., & Harris, L. C. (2000). Leadership style, organizational culture and performance: Empirical evidence from UK companies. *International Journal of Human Resource Management*, 11(4), 766-788.

O'Regan, N., Ghobadian, A., & Sims, M. (2005). The link between leadership, strategy and performance in manufacturing SME's. *Journal of Small Business Strategy*, 15(2), 45-57.

O'Rilley, C., Chatman, J., & Caldwell, D. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit." *Academy of Management Journal*, 34(3), 487-516.

Ostroff, C., & Schmitt, N. (1993). Configurations of organisational effectiveness and efficiency. *Academy of Management Journal*, 36(6), 1345-1357.

Ostroff, C., Kinicki, A. J., & Clark, M. A. (2002). Substantive and operational issues of response bias across levels of analysis: An example of climate-satisfaction relationships. *Journal of Applied Psychology, 87*, 355-368.

Owens, R. G. (1995). *Organizational behavior in education*. (5th ed.). Boston: Allyn & Bacon.

Oyetunji, C. O. (2006). *The relationship between leadership style and school climate in Botswana secondary schools*. Doctoral thesis. Pretoria: University of South Africa.

Pareek, U. (1989), Motivational analysis of organisations – climate (MAO-C). In J. W. Pfeiffer (Ed.), *The 1989 annual: Developing human resources* (pp. 161-180). San Diego: University Associates.

Pool, M. (1987). *The structuring of organizational climates*. Master's dissertation. Minneapolis: University of Minnesota.

Pritchard, R. D., & Karasick, B. W. (1973). The effects of organizational climate on managerial job performance and job satisfaction. *Organizational Behavior and Human Performance, 9*, 126-146.

Raza, S. A. (2010). Impact of organizational climate on performance of college teachers in Punjab. *Journal of College Teaching and Learning, 7*(10), 47.

Reichers, A., & Schneider, B. (1990). *Climate and culture: An evolution of constructs*. Oxford: Jossey-Bass.

Robbins, S. P. (1998). *Organizational Behavior*. (8th ed.). Upper Saddle River, NJ: Prentice-Hall.

Robbins, S. P., & Judge, T. (2011). *Organizational behavior*. (14th ed.). Upper Saddle River, NJ: Pearson Prentice Hall.

Robbins, S. P., Odendaal, A., & Roodt, G. (2009). *Organisational behaviour: Global and South African perspectives*. (2nd ed.). Cape Town: Pearson.

Rosnow, R. L., & Rosenthal, R. (1996). *Beginning behavioral research: A conceptual primer*. (2nd ed.). Englewood Cliffs, NJ: Prentice-Hall.

Rothmann, S., & Cilliers, F. (2007). Present challenges and some critical issues for research in industrial/organisational psychology in South Africa. *South African Journal of Industrial Psychology*, 33(1), 8-17.

Rowold, J. (2011). Relationship between leadership behaviours and performance: The moderating role of a work team's level of age, gender and cultural heterogeneity. *Leadership and Development Journal*, 32(6), 628-647.

Sawati, M. J., Anwar, S., & Majoka, M. I. (2011). Principals' leadership styles and their impact on schools' academic performance at secondary level in Khyber Pakhtoonkhwa, Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, 3(1), 1038-1046.

San Giacomo, R. (2011). *An analysis of the relationship between select organizational climate factors and job satisfaction factors as reported by community college personnel*. Doctoral thesis. Gainesville: University of Florida.

Schein, E. (1990). Organizational culture. *American Psychologist*, 45(2), 109-119.

- Schein, E. H. (2000). Sense and nonsense about culture and climate. In N. M. Ashkanasy, C. P. Wilderon, & M. F. Peterson (Eds.), *Handbook of organizational culture and climate*. Thousand Oaks, CA: Sage.
- Schulte, M., Shmulyian, S., Ostroff, C., & Kinicki, C. (2009). Organizational climate configurations: Relationships to collective attitudes, customer satisfaction, and financial performance. *Journal of Applied Psychology, 94*(3) 618-634.
- Schneider, B. (1975). Organizational climates: An essay. *Personnel Psychology, 28*(4), 447-479.
- Schneider, B., & Bartlett, C.J. (1968). Individual differences and organizational climate: The research plan and questionnaire development. *Personnel Psychology, 21*(3), 323-333.
- Schneider, B., & Reichers, A. E. (1983). On the etiology of climates. *Personnel Psychology, 36*(1), 19-39.
- Schumacker, R. E., & Lomax, R. G. (2004). *A beginner's guide to structural equation modeling* (2nd ed.). Mahwah, NJ: Lawrence Erlbaum.
- Schwartz, D. (1980). *Introduction to management: Principles, practices, and processes*. New York: Harcourt Brace Jovanovich.
- Senge, P. (1991). *The fifth discipline: The art and practice of the learning organization*. New York: Doubleday.
- Skyttner, L. (1996). General systems theory: Origin and hallmarks. *Kybernetes, 25*(6), 16-22.
- Sofianos, T. J. (2005). *The relationship between organizational climate and job satisfaction as reported by community college executive secretaries and or associates to the president*. Doctoral thesis. Gainesville: University of Florida.

Srivastav, A. K. (2006). Organizational climate as a dependent variable: Relationship with role stress, coping strategy and personal variables. *Journal of Management Research*, 6(3), 125-135.

Steers, R. M., Porter, L. W., & Bigley, G. A. (1996). *Motivation and leadership at work*. (6th ed.). New York: McGraw-Hill.

Stern, G. C. (1970). *People in context: Measuring person environment congruence in education and industry*. New York: Wiley.

Stringer, R. (2002). *Leadership and organizational climate*. Upper Saddle River, NJ: Prentice Hall.

Stats SA census survey result. (S.a.). Retrieved October, 30, 2012, from <http://www.statssa.gov.za/Publications/statsdownload.asp?PPN=P0301.4>.

Stroud, R. N. (2009). *The relationship between leadership competence and employee engagement*. Doctoral thesis. Neptune City: Graduate School of Applied and Professional Psychology.

Tagiuri, R. (1968). *The concept of organizational climate*. Boston: Harvard University.

Tagiuri, R., & Litwin, G. (1968). *Organizational climate: Exploration of a concept*. Boston: Harvard University Press.

Tajasom, A., & Ahmad, Z. (2011). Principals' leadership style and school climate: Teachers' perspective. *The International Journal of Leadership in Public Services*, 7(4), 314-327.

Tosi, H. L., Mero, N. P., & Rizzo, J. R. (2000). *Managing organizational behavior*. Cambridge, MA: Blackwell.

Ulrich, D. (2012). *The Dave Ulrich HR value creation workbook*. Johannesburg: The Business Results Group.

Van Aswegan, A. S., & Engelbrecht, A. S. (2009). The relationship between transformational leadership, integrity and an ethical climate in organisations. *Journal of Human Resource Management, 7*(1), 175.

Van der Colff, L. (2003). Leadership lessons from the African Tree. *Leadership and Organisational Development Journal, 41*(3), 257-261.

Van Eeden, R. (2005). *Group processes and dynamics in relation to transactional and transformational leadership*. Doctoral thesis. Pretoria: University of South Africa.

Van Niekerk, A. (2011). *The impact of senior management on middle management's experience of integrity*. Master's dissertation. Pretoria: University of South Africa.

Vecchio R. P. (1995). *Organizational behaviour*. Fort Worth, TX: Dryden.

Wallace, J., Hunt, J., & Richards, C. (1999). The relationship between organisational culture, organisational climate and managerial values. *International Journal of Public Sector Management, 12*(7), 548-564.

Watkins, M. L. (2001). Industrial psychology: An identity crisis and future direction. *South African Journal of Industrial Psychology*, 27(4), 8-13.

Woodman, R. W., & King, D. C. (1978). Organizational climate: Science or folklore? *Academy of Management Review*, 3(4), 816-826.

Wren, J. T., Hicks, D. A., & Price, T. L. (2004). *Modern classics on leadership*. Cheltenham: Blackwell Publishing.

Wright P. (1996). *Managerial leadership*. London: Routledge.

Yukl, G. (1999). An evaluation of conceptual weaknesses in transformational and charismatic leadership theories. *The Leadership Quarterly*, 10(2), 285-305.

Yukl, G. (1998). *Leadership in organizations* (4th ed.). Englewood Cliffs, NJ: Prentice-Hall.

Zohar, D., & Luria, G. (2005). A multilevel model of safety climate: Cross-level relationships between organization and group-level climates. *Journal of Applied Psychology*, 90(4), 616-628.

Additional internet source

<http://www.ilo.org/global/research/global-reports/global-employment-trends/lang--en/index.htm>

Communities analysis and Total variance explained

Communalities

	Initial	Extraction
Growth1	1.000	.697
Growth2	1.000	.729
Growth3	1.000	.655
Growth4	1.000	.730
Growth5	1.000	.677
Growth6	1.000	.646
Growth7	1.000	.589
Growth8	1.000	.643
Growth9	1.000	.744
Growth10	1.000	.742
Growth11	1.000	.705
Growth12	1.000	.731
HighPC1	1.000	.726
HighPC2	1.000	.710
HighPC3	1.000	.661
HighPC4	1.000	.677
HighPC5	1.000	.716
HighPC6	1.000	.705
HighPC7	1.000	.683
HighPC8	1.000	.693
HighPC9	1.000	.679
HighPC10	1.000	.738

HighPC11	1.000	.778
HighPC12	1.000	.771
HighPC13	1.000	.790
HighPC14	1.000	.780
HighPC15	1.000	.801
HighPC16	1.000	.632
HighPC17	1.000	.672
HighPC18	1.000	.696
HighPC19	1.000	.699
HighPC20	1.000	.720

Communalities

	Initial	Extraction
HighPC21	1.000	.750
HighPC22	1.000	.692
HighPC23	1.000	.661
HighPC24	1.000	.711
HighPC25	1.000	.758
HighPC26	1.000	.802
HighPC27	1.000	.792
HighPC28	1.000	.807
HighPC29	1.000	.759
HighPC30	1.000	.788
Div1	1.000	.763
Div2	1.000	.796
Div3	1.000	.729

Div4	1.000	.734
Div5	1.000	.642
Div6	1.000	.739
Div7	1.000	.748
Div8	1.000	.752
Div9	1.000	.598
Div10	1.000	.734
Div11	1.000	.766
Div12	1.000	.758
Div13	1.000	.773
Div14	1.000	.801
Div15	1.000	.809
Image1	1.000	.719
Image2	1.000	.694
Image3	1.000	.685
Image4	1.000	.694
Image5	1.000	.647
Image6	1.000	.731
Image7	1.000	.734

Communalities

	Initial	Extraction
Image8	1.000	.663
Image9	1.000	.672
Image10	1.000	.690
Image11	1.000	.739

Image12	1.000	.662
Image13	1.000	.747
Image14	1.000	.751
Image15	1.000	.736
Image16	1.000	.670
Image17	1.000	.748
Health1	1.000	.652
Health2	1.000	.706
Health3	1.000	.753
Health4	1.000	.760
Health5	1.000	.686
Health6	1.000	.710
Health7	1.000	.599
Health8	1.000	.678
Health9	1.000	.576
Health10	1.000	.657
Health11	1.000	.733
EmpRel1	1.000	.721
EmpRel2	1.000	.748
EmpRel3	1.000	.737
EmpRel4	1.000	.731
EmpRel5	1.000	.705
EmpRel6	1.000	.725
EmpRel7	1.000	.676
EmpRel8	1.000	.699
EmpRel9	1.000	.629

EmpRel10	1.000	.705
EmpRel11	1.000	.669

Communalities

	Initial	Extraction
HCC1	1.000	.696
HCC2	1.000	.733
HCC3	1.000	.573
HCC4	1.000	.628
HCC5	1.000	.530
HCC6	1.000	.732
HCC7	1.000	.693
HCC8	1.000	.703
HCC9	1.000	.711
HCC10	1.000	.656
HCC11	1.000	.700

Extraction method: principal component analysis

Total variance explained

Component	Initial eigenvalues			Extraction sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	57.686	53.912	53.912	57.686	53.912	53.912
2	4.193	3.919	57.831	4.193	3.919	57.831

3	2.612	2.441	60.272	2.612	2.441	60.272
4	1.901	1.777	62.049	1.901	1.777	62.049
5	1.651	1.543	63.592	1.651	1.543	63.592
6	1.595	1.491	65.082	1.595	1.491	65.082
7	1.445	1.351	66.433	1.445	1.351	66.433
8	1.356	1.267	67.700	1.356	1.267	67.700
9	1.268	1.185	68.885	1.268	1.185	68.885
10	1.109	1.037	69.922	1.109	1.037	69.922
11	1.048	.979	70.901	1.048	.979	70.901
12	.999	.933	71.835			
13	.885	.827	72.662			
14	.861	.805	73.467			
15	.790	.738	74.205			
16	.761	.711	74.916			
17	.738	.690	75.606			
18	.726	.678	76.285			
19	.682	.637	76.922			
20	.671	.627	77.549			
21	.639	.597	78.146			
22	.629	.588	78.734			
23	.607	.567	79.301			
24	.579	.541	79.842			
25	.561	.525	80.367			
26	.557	.520	80.887			
27	.536	.501	81.388			
28	.528	.494	81.882			

29	.511	.478	82.360		
30	.489	.457	82.817		
31	.480	.448	83.266		

Total variance explained

Component	Rotation sums of squared loadings		
	Total	% of variance	Cumulative %
1	15.433	14.423	14.423
2	12.535	11.715	26.138
3	9.241	8.636	34.775
4	7.545	7.052	41.826
5	6.520	6.093	47.920
6	5.231	4.889	52.809
7	4.721	4.412	57.220
8	4.614	4.313	61.533
9	3.904	3.649	65.182
10	3.126	2.921	68.103
11	2.995	2.799	70.901
12			
13			
14			
15			
16			
17			
18			
19			

20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			

Total variance explained

Component	Initial eigenvalues			Extraction sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
32	.467	.437	83.702			
33	.457	.427	84.129			
34	.452	.422	84.551			
35	.437	.409	84.960			
36	.425	.397	85.357			
37	.406	.379	85.736			
38	.402	.376	86.112			
39	.398	.372	86.484			
40	.391	.365	86.850			
41	.387	.361	87.211			

42	.373	.348	87.559		
43	.364	.340	87.899		
44	.354	.331	88.230		
45	.344	.321	88.551		
46	.343	.321	88.872		
47	.335	.313	89.185		
48	.332	.310	89.496		
49	.324	.303	89.799		
50	.319	.299	90.097		
51	.313	.293	90.390		
52	.310	.290	90.680		
53	.300	.280	90.960		
54	.294	.275	91.235		
55	.284	.266	91.500		
56	.279	.261	91.761		
57	.277	.259	92.020		
58	.271	.253	92.273		
59	.267	.249	92.523		
60	.263	.246	92.769		
61	.261	.244	93.012		
62	.256	.239	93.251		

Total variance explained

Component	Rotation sums of squared loadings		
	Total	% of variance	Cumulative %
32			

33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58

59			
60			
61			
62			

Total variance explained

Component	Initial eigenvalues			Extraction sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
63	.249	.232	93.484			
64	.244	.228	93.711			
65	.239	.224	93.935			
66	.238	.223	94.157			
67	.232	.217	94.375			
68	.224	.209	94.584			
69	.221	.207	94.791			
70	.215	.201	94.992			
71	.214	.200	95.192			
72	.208	.195	95.387			
73	.203	.190	95.577			
74	.201	.188	95.764			
75	.196	.183	95.947			
76	.193	.180	96.128			
77	.190	.177	96.305			
78	.188	.176	96.481			
79	.182	.170	96.651			
80	.175	.164	96.814			

81	.175	.163	96.978		
82	.168	.157	97.135		
83	.162	.152	97.287		
84	.160	.150	97.437		
85	.158	.148	97.584		
86	.155	.144	97.729		
87	.152	.142	97.871		
88	.148	.139	98.010		
89	.147	.138	98.147		
90	.145	.135	98.282		
91	.138	.129	98.411		
92	.132	.124	98.535		
93	.129	.121	98.656		

Total variance explained

Component	Rotation sums of squared loadings		
	Total	% of variance	Cumulative %
63			
64			
65			
66			
67			
68			
69			
70			
71			

72			
73			
74			
75			
76			
77			
78			
79			
80			
81			
82			
83			
84			
85			
86			
87			
88			
89			
90			
91			
92			
93			

Total variance explained

Component	Initial eigenvalues			Extraction sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %

94	.126	.118	98.774			
95	.124	.116	98.890			
96	.120	.112	99.002			
97	.118	.110	99.112			
98	.114	.107	99.219			
99	.112	.105	99.323			
100	.104	.097	99.421			
101	.101	.095	99.515			
102	.099	.093	99.608			
103	.094	.088	99.696			
104	.091	.085	99.782			
105	.088	.082	99.863			
106	.075	.070	99.934			
107	.071	.066	100.000			

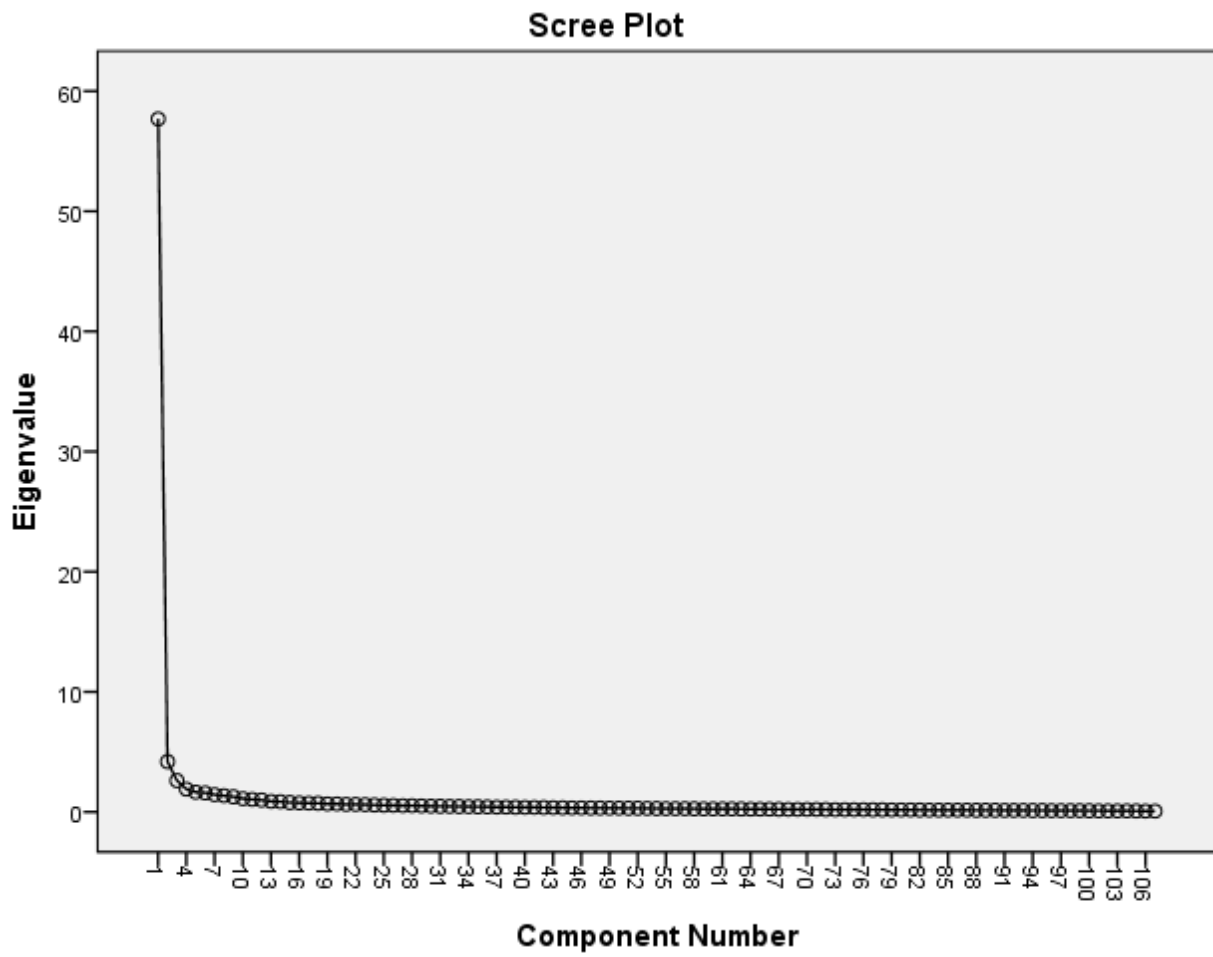
Total variance explained

Component	Rotation sums of squared loadings		
	Total	% of variance	Cumulative %
94			
95			
96			
97			
98			
99			
100			
101			

102			
103			
104			
105			
106			
107			

Extraction method: principal component analysis

Scree plot



Factor Analysis

Rotated component matrix^a

	Component							
	1	2	3	4	5	6	7	8
HighPC13	.778							
HighPC15	.748							
HighPC11	.738							
HighPC12	.737							
HighPC14	.736							
Div7	.690							
HighPC10	.688							
Growth10	.684							
Growth9	.673							
Growth2	.670							
Div8	.666							
Div6	.628							
Growth4	.619							.440
HCC6	.595	.474						
HighPC24	.552							
HighPC18	.536							
HighPC21	.507							
EmpRel8	.493							
HighPC3								

HCC8	.627					
HCC2	.626					
HCC1	.615					
HCC3	.613					
HCC9	.593					
HCC7	.582					
Health5	.578					
HCC4	.562					
Health8	.557					
Health6	.541					
HCC11	.539					
Health3	.529					

Rotated component matrix^a

	Component		
	9	10	11
HighPC13			
HighPC15			
HighPC11			
HighPC12			
HighPC14			
Div7			
HighPC10			
Growth10			
Growth9			
Growth2			

Div8				
Div6				
Growth4				
HCC6				
HighPC24				.431
HighPC18				.401
HighPC21				.498
EmpRel8				
HighPC3				
HCC8				
HCC2				
HCC1				
HCC3				
HCC9				
HCC7				
Health5				
HCC4				
Health8				
Health6				
HCC11				
Health3				

Rotated component matrix^a

	Component							
	1	2	3	4	5	6	7	8
HCC10		.522						

Health11		.515					
Health2		.509					
Health7		.501	.414				
EmpRel11	.414	.483					
HCC5		.472					
Health9		.438					
Health4		.430					
Image13			.683				
Image14			.674				
Image11			.658				
Image15			.632				
Image10		.485	.544				
Image8			.539				
Image6			.514				
Image7			.496				
Health10		.428	.479				
Image9			.463				
Image5			.457				
Image12			.452				
Image16			.430				
Health1			.414				
Image17							
HighPC17							
Div14				.749			
Div15				.735			
Div13				.677			

Div12				.665			
Div11				.641			
Div10				.639			
Div9				.520			

Rotated component matrix^a

	Component		
	9	10	11
HCC10			
Health11			
Health2			
Health7			
EmpRel11			
HCC5			
Health9			
Health4			
Image13			
Image14			
Image11			
Image15			
Image10			
Image8			
Image6			
Image7			
Health10			
Image9			

Image5			
Image12			
Image16			
Health1			
Image17			
HighPC17			
Div14			
Div15			
Div13			
Div12			
Div11			
Div10			
Div9			

Rotated component matrix^a

	Component							
	1	2	3	4	5	6	7	8
Div2					.691			
Div3					.686			
Div4					.676			
Div1					.676			
Div5					.572			
Image2					.415			
Image1								
Image3								
Image4								

HighPC26						.612		
HighPC27						.598		
HighPC28						.577		
HighPC25						.546		
HighPC30						.544		
HighPC29			.400			.492		
HighPC16								
EmpRel10							.593	
EmpRel9							.558	
EmpRel7							.469	
EmpRel4							.433	
EmpRel6			.405				.410	
EmpRel2					.401		.403	
EmpRel1								
EmpRel3								
EmpRel5								
Growth5								.574
Growth3	.453							.529
Growth1	.411							.510
Growth6								.498
Growth12	.454							.489
Growth11	.449							.466

Rotated component matrix^a

	Component		
	9	10	11

Div2			
Div3			
Div4			
Div1			
Div5			
Image2			
Image1			
Image3			
Image4			
HighPC26			
HighPC27			
HighPC28			
HighPC25			
HighPC30			
HighPC29			
HighPC16			
EmpRel10			
EmpRel9			
EmpRel7			
EmpRel4			
EmpRel6			
EmpRel2			
EmpRel1			
EmpRel3			
EmpRel5			
Growth5			

Growth3			
Growth1			
Growth6			
Growth12			
Growth11			

Rotated component matrix^a

	Component							
	1	2	3	4	5	6	7	8
Growth8	.415							.450
Growth7								.439
HighPC7								
HighPC5								
HighPC6								
HighPC8		.406						
HighPC9								
HighPC4								
HighPC22								
HighPC23								
HighPC20								
HighPC19	.484							
HighPC2								
HighPC1								

Rotated component matrix^a

	Component
--	-----------

	9	10	11
Growth8			
Growth7			
HighPC7	.589		
HighPC5	.550		
HighPC6	.538		
HighPC8	.524		
HighPC9	.521		
HighPC4	.424		
HighPC22		.539	
HighPC23		.513	
HighPC20		.505	
HighPC19		.499	
HighPC2			.660
HighPC1			.649

Extraction method: principal component analysis

Rotation method: varimax with Kaiser normalisation.^a

a. Rotation converged in 13 iterations

Component transformation matrix

Component	1	2	3	4	5	6	7	8
1	.472	.432	.358	.316	.288	.260	.241	.234
2	.721	-.228	-.212	-.349	-.339	-.142	-.163	.217
3	.151	-.500	-.519	.463	.376	.162	.131	.027

4	.014	-.628	.631	.017	.173	.125	-.326	-.065
5	-.357	-.038	-.193	.033	-.199	.103	-.004	.387
6	-.128	.123	-.199	.078	.286	.005	-.484	.452
7	.179	-.021	.083	.155	.142	-.556	.090	.267
8	.000	.122	-.093	.024	.357	-.608	-.163	-.417
9	-.110	-.033	.029	-.660	.545	.012	.151	.324
10	-.078	-.259	.004	-.129	.014	-.102	.699	-.015
11	-.201	-.131	.257	.283	-.253	-.414	.103	.434

Component transformation matrix

Component	9	10	11
1	.208	.175	.161
2	.159	.162	.038
3	-.188	.136	.066
4	.191	-.060	.103
5	.388	-.039	.693
6	.372	-.087	-.506
7	-.187	-.687	.148
8	.333	.333	.237
9	-.281	.178	.123
10	.545	-.087	-.325
11	-.220	.539	-.151

Extraction method: principal component analysis

Rotation method: varimax with Kaiser normalisation

