THE IMPACT OF LEADERSHIP APPROACHES ON EMPLOYEE SATISFACTION AND WORK PERFORMANCE WITHIN A FINANCIAL SERVICES (DEBT COLLECTION) ENVIRONMENT IN SOUTH AFRICA

by

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I, Thato Ezekiel Masalesa, student number 49045970, declare that this dissertation, entitled "The impact of leadership approaches on employee satisfaction and work performance within a financial services (debt collection) environment in South Africa" is my own work and that all the resources that I have referred to and/or quoted have been mentioned and acknowledged by means of complete references.

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Thato Ezekiel Masalesa

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CHAPTER 1: SCIENTIFIC ORIENTATION TO THE RESEARCH

1.1   BACKGROUND TO THE RESEARCH

This section chapter provides the background of the research, focussing on the motivation for the research and the three variables measured in the study, namely leadership approaches as the independent variable and employee satisfaction and employee performance as the dependent variable.

1.1.1 Overview of and motivation for the research

Leadership is prevalent in any given social context, be it in the political, sports, business and even religious environments. Leadership exists where such social contexts need to be driven or influenced in an appropriate direction conducive to the given social context (Burton, 2002). In all the different social contexts in which leadership is practised, it differs in the behaviour required by the given social context. Even though there might be similarities, different social contexts determine how a leader should behave. In other words, a specific social context first exists, and then the right leadership approach is defined before an individual or group of individuals with the right competencies is selected to assume the role of leader (Griffin, 2002).

Because of the different contexts in which leadership occurs, the specific purpose of this research was to focus on the importance of the leadership approaches in the business environment. The business environment is extremely wide and subdivided into various industries.The financial services environment was studied in this research. Like any other environment, the financial services environment uses leadership as an operating tool. The reason why any organisation or business exists is simplyto make profits, and profits are generated by means of performance (Drotter, 2003). An organisation's ability to make profits is linked to its ability to adapt to rapid changes, which may be operational changes comprising technological, economic or behavioural changes, which may,in turn,be embedded in its culture (Linde, 2004:11).

Leadership is the responsibility of management, and the overall objective of a business in the financial services sectorcan only be achieved if everyone plays their role. "Everyone" not only encompasses the individuals responsible for the leadership role, but also those whoare being led, namely employees.

Employees are said to be an important resource, playing a vital role in the operating model of any given industry. They are able to perform when they are influenced to behave in an appropriate way conducive to effective performance. Employees are influenced and driven in the right direction according to how they are led. They need to be comfortable with a leader so that he or she can effectively fulfil his or her role. One of the primary factors that has an impact on employee satisfaction is leadership and employees are becoming more conscious of how they are led. They are not only satisfied by monetary gains or their role, but also by how they are being led. Employees require both technical support and behavioural support (Luthans, 2008), which is in line with their personal needs in their careers.

The financial services environment is a highly performance-driven industry in which effective performance is depends on meeting customers' needs by ensuring that financial resources are available to them. Money owed for providing financial resources needs to be collected in an appropriate manner that satisfies customers. This being said, theindustry requires from its employees a large degree of customer orientation while selling its financial products, which is a key performance tool for giving competitors a fair chance. Not only the product at hand leads to success, but also how it is treated. This requires a constant customer-oriented workforce that needs to experience fulfilment by performingits tasks optimally. Employees who are fulfilled in their work are said to be satisfied with their jobs (Luthans, 2008). According to Leimbach (2006), research has shown that there is a direct correlation between employee satisfaction and job performance, showing that, on average, 39% of the workforce's bottom-line performance can be attributed to the satisfaction of

having a fulfilling job. The leadership role is one of the main factors that ensures that such satisfaction is met by employees. The days are gone in which employees are only satisfied by tangible resources, and nowadays, the human attribute plays a key role; and one of these attributes is leadership. If individuals are not satisfied with the way in which they are being led, they have difficulty being fulfilled in their work, which plays a huge role in overall employee job satisfaction (Roos, 2005).

Because leadership being one of the largest contributing factors to employee satisfaction, it is imperative to evaluate how employees are being led in order to determine the importance of leadership role plays in contributing towards employee job satisfaction in driving organisational performance. The way in which employees are led is governed by the leadership approaches. These need to be understood because they provide the theory and the research behind how leaders are selected in the financial services environment. Leadership spurs employees on toachieve their optimal performance levels in line with their satisfaction level which, in turn, contributes to job performance (Aamodt, 2010). The leadership approaches identified by Luthans (2008), in addition to the established trait, group and exchange, contingency and path-goal theories of leaders, are the charismatic leadership approach, transactional versus transformational approach, and the authentic leadership approach. All these approaches explain and determine leaders' behaviour in leading employees, and this behaviour, in turn, determines employees' satisfaction and performance.

1.1.2 Variables

Three variables, all of which are measurable, were identified in this research. The aim of this research was to emphasise the impact of leadership approaches on employee satisfaction and employee performance – in other words, are employee satisfaction and employee performance influenced by the leadership approaches displayed by leaders in the financial services

environment. The variables identified were as follows:

(1) Leadership approaches were identified as the **independent variable**. The main aim of the research was to identify the various leadership approaches used in the financial services environment, as described by Luthans (2008).

(2) Employee satisfaction was the **dependent variable**. This is the level of employee satisfaction measured in conjunction with the leadership approach used. Another dependent variable was employee performance. The impact that a leadership approach or approaches has/have on employee satisfaction may, in turn, determine how well an employee performs. The relationship that leadership approaches have with employee satisfaction determines how well an employee performs even if it does not determine performance in full.

1.2 PROBLEM STATEMENT

Organisations, not only in the financial services environment, seek to keep their employees satisfied at all times. This means that they strive for increased employee attendance, greater employee well-being, lower unnecessary stress or pressure, and employees who are creative and committed to their duties (Griffin, 2002). Of all the other factors that contribute to employee satisfaction, leadership is regarded as the most important (Sageer, Rafat, & Agarwal, 2012).Research has shown that employees are more productive when leaders behave in the manner preferred by subordinates. As stated earlier, leadership behaviour is governed by the various leadership styles identified by Luthans (2008).

Leaders need to adopt a leadership approach that will foster employee satisfaction andultimately contribute to a more productive organisation. The importance of adopting an appropriate approach that is accepted by those on whom it directly impacts, which are the leaders' reports or subordinates, requires that the effect of leadership on employee satisfaction and employee

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performance be identified. Correlating such an impact addresses the bottom line of a financial services organisation being able to sell financial products that will satisfy customers.

The following research problems were formulated to determine the impact of leadership approaches on employee satisfaction and job performance:

General Question

What is the impact of leadership approaches on employee satisfaction and work performance within a financial services (debt collection) environment in South Africa?

Literature Study Questions

- What are the leadership approaches and the dimensions pertaining to these approaches?
- What is employee performance and what are its dimensions?
- What is the theoretical relationship between the leadership approaches, employee satisfaction and employee performance?

Empirical Questions

- What is the impact of leadership approaches on employee satisfaction?
- What is the impact of leadership approaches on employee performance?
- What is the empirical relationship between leadership approaches, employee satisfaction and employee performance?
- What recommendations can be made on the basis of the results in the field of industrial and organisational psychology?

1.3 RESEARCH AIMS OROBJECTIVES

The following research aims were formulated for this study:

1.3.1 General aim

The general aim of this research was to investigate the impact of leadership approaches on employee satisfaction and job performance in the financial services environment.

1.3.2 Specific aims

(1) The specific literature aims were as follows:

- To conceptualise the construct leadership approaches.
- To conceptualise the construct of employee satisfaction.
- To conceptualise the construct employee performance.
- To determine the theoretical relationship between leadership approaches and employee and job satisfaction.

(2) The specific empirical aims were as follows:

- To investigate the leadership approaches in the financial services environment.
- To investigate employee satisfaction dimensions in the financial services environment.
- To investigate employee performance dimensions in the financial services environment.
- To investigate the relationship between the leadership approaches, employee satisfaction and performance.
- To draw conclusions, highlight limitations and make recommendations in the field of industrial and organisational psychology.

1.4 THE PARADIGM PERSPECTIVE

1.4.1 Disciplinary context

This study was conducted within thediscipline of industrial and organisational

psychology, focusing on the sub disciplinesorganisational behaviour and organisational development.

- **Industrial and organisational psychology**studies the mind and behaviour in the work context. This involves determining how behaviour makes an impact at three levels, that is, the individual level, the group level focusing on subordinates and teams and the organisational level, which looks at the impact of the mind on organisational performance (Leonard, 2002).

- The sub discipline of **organisational behaviour**studies the required behaviour in an organisation that allows one to influence others. The study of organisational behaviour also endeavours to identify the application of certain behaviour attributes that arenot only preferred by subordinates along with the leader, but are also in line with the required behaviour by the organisation (Robins, Judge, Odendaal, & Roodt, 2009).

- The subdiscipline of **organisational development** studies developing individuals' behaviour to prepare them for adapting to the changing environment and being able to influence the environment in accordance with changes. Development is not only aimed at responding to changes but also to shaping existing behavioural traits so that they can be utilised effectively when influencing others (Aamodt, 2010).

1.4.2 The humanistic paradigm

The humanistic paradigm can be defined as consisting of a number of discrete approaches in psychology, each representing a distinct domain of theory, research and practice, but it draws on a set of philosophical assumptions (Woolfe, Dryden, & Strawbridge, 2003). One factor driving the humanistic paradigm is that the consciousness of humans is dominated by the existence ofa cognitive wedge between the person and his or her type of consciousness (Burrell& Morgan, 1979).

The humanistic paradigm is used to conceptualise the process of leadership. According to Meyer, Moore, and Viljoen (1997), the following assumptions can be made about the humanistic approach:

- The individual is a dignified human being with qualities that distinguish him or her from lifeless objects and animals.
- The individual is an integrated, unique and organised whole.
- The individual displays conscious processes.
- The person is a being who participates actively in determining his or her own behaviour and creative ability, and who does not simply reach to external environmental stimuli or submit to inherent drivers over which he or she has no control.
- The experiencing person is in the process of becoming.
- The person is self-relative and transcending.
- The psychologically healthy person should be the creation in examining human functions.

1.4.3 The research hypothesis

The research hypothesis for this research was to determine the importance of leadership approaches in contributing to employee satisfaction and employee performance. The researcher posited that this might involve one or more approaches that contribute to employee satisfaction and employee performanceand by determining the importanceof these approaches, theimpact would become evident.

For this research study, the following research hypotheses were formulated:

H0: There are no significant relationships between leadership approaches, job satisfaction and work performance.

H1: There are significant relationships between leadership approaches, job satisfaction and work performance.

1.4.4 The research paradigm (empirical paradigm)

According to Taylor, Kermode, and Roberts (2007, p. 5), a paradigm is "a broad view or perspective of something". Additionally, Weaver and Olson's (2006, p. 460) definition of paradigm reveals how research could be affected and guided by a certain paradigm by stating that "paradigms are patterns of beliefs and practices that regulate inquiry within a discipline by providing lenses, frames and processes through which investigation is accomplished". This research followed an interpretative paradigm in which literature was analysed and used to explain the opinions and viewpoints of othersand in so doing come up with findings that would be in line with the issue at hand and supported by the literature.

1.5 LITERATURE REVIEW

1.5.1 What is leadership?

According to Bennis (1989) citing Brewster, Carey, Grobler, Holland, and Wärnich (2008), there are more than 300 collected definitions which refer to one overall meaning. This definition is the process of influencing the activities or the behaviour of an individual or collective of individuals in an effort towards goal achievement in a given situation or the process of articulating visions, embodying values and creating the environment within which taskscan be accomplished. All definitions lead to the role of influencing others to willingly follow a particular direction. The two main factors that can be identified in this definition are the influential part and the willingness to be influenced. Leaders need to be able to influence employees and employees need to be able to accept the direction they are being influenced in through their own decisions.

Whichever leadership approach is chosen, it should effectively influence followers. The approach used should be appropriate for the contextual environment in which the leader operates. The appropriate leadership approach

comes from adapting it not only to be congruent with the financial services environment, but also the ability it has to impact those it directly affects, namely subordinates, in their willingness to perform, which has to do with commitment, confidence, acceptance and motivation in contributing to employee satisfaction which stems from being able to complete a task optimally (Hersey, Blanchard, & Johnson, 2001). In whatever approach selected, leaders engage with subordinates on the basis that there are shared motives and values and with similar goals that will benefit all parties involved either economically or psychologically (Burns, 2010). Even though leaders may play an influential role, subordinates ultimately know what they want for themselves to willingly adapt to the visions and motives they are being influenced to fulfil.

1.5.2 What are the types of leadership approaches?

As stated in the overview of and motivation for the research, the leadership approaches identified were those that Luthans (2008) had identified.

1.5.2.1 Charismatic leadership

This is a leadership approach that conceptualises leaders as "born leaders"with attributes that make them capable of influencing followers. They are characterised as having self-confidence and confidence in their followers, high expectations for followers, and an ideological vision of their personal heroes. Followers who are led by such leaders identify personal attributes of themselves that are in line with their leaders. Often this leadership style is contextualised in the political environment, and it is said that leaders using this approach encourage followers to perform beyond expectations and be strongly committed to the leader and his or her mission. Followers willingly elect to be influenced by such leaders as they see qualities in them that they associate with themselves (Luthans, 2008). Unfortunately, in the work environment, where the organisation is designed to operate in a particular structure, they are not always led by leaders in whom they see qualities they wish to associate themselves with because of their duties or a leader being in a different

department.

1.5.2.2 Transactional versus transformational leadership

Transactional leadership is an approach that is one directional. The leader fulfils the needs of followers in exchange for followers performing to meet the leader's expectations (Bass, 1993). It is often seen in the early years of management studies, where a leader-member relationship existed, where employees worked as they were expected to in order to receive payment for the work they were doing. Often this approach is autocratic in nature as employees had to work at tasks they were told to do. The outcome of performance did not benefit employees, but was to the advantage of the leader.

Transformational leadershipis based on a leader shifting values, beliefs and needs of followers. This approach is two directional and outcomes mutually benefit all parties involved. Burns (1978) describes a transformational leader as someone who raises the needs and motivations of followers and promotes dramatic change in individuals, groups and organisations. Transformational leaders want to see their followers as leaders themselves. They are characterised as being idealised, inspiring, intellectual and individualised (Luthans, 2008). These leaders are there for their followers and are highly favoured by organisations as they promote development in those they lead and they are also considerate of follower needs.

1.5.2.3 Authentic leadership

Authentic leadership can be defined as a process that draws from both positive psychological capabilities and a highly developed organisational context, which results in both greater self-awareness and self-regulated positive behaviours on the part of leaders and associates, fostering positive self-development (Avolio & Gardner, 2005). An authentic leader is said to be confident, hopeful, optimistic, resilient, moral and ethical, among other qualities (Gardner, Avolio, &

Walumbwa, 2005). Similar to transformational leaders, authentic leaders also seek to inspire and develop others as a need within themselves. Such leaders are aware of themselves and see a need to lead in order to achieve their own personal fulfilment. This leader is fully complemented by leader emergence but new leaders should become authentic leaders themselves (Luthans, 2008).

1.5.3 What is employee satisfaction?

The Oxford English dictionary (2007) defines satisfaction as a state of being pleased because one has what one wants and needs. It further describes satisfaction as being fulfilled. In the work context, employee satisfaction is correlated with employees being fulfilled in their work. Mostly referred to as job satisfaction, employee satisfaction is defined as the feelings and attitudes employees have towards their jobs (Armstrong, 2003), which is similar to Luthans' (2008) definition which stipulates that it is employees' perceptions of how well their jobs provide the things they view as being important in their lives. The reason why employee satisfaction is emphasised is because of its correlation with performance. There is an ongoing tendency of associating high performance with enjoyment of work and being fulfilled with work, which are elements embedded in employee satisfaction (Leimbach, 2006).

Employee satisfaction is influenced by various factors such as the work itself, benefits and remuneration, development opportunities, working relations and leadership, amongst many other factors (Griffin, 2002). In this research, the focus was on leadership alone and specifically the various approaches to leadership that are used. Leadership approaches have been shown to have an impact on employee satisfaction. Yousef (2000) indicated that leadership behaviour is positively related to job satisfaction, which places the emphasis on leaders adopting the right behaviours to lead. Leadership behaviours are embedded in leadership approaches, so by default, it matters what leadership approach is selected to be able to portray such behaviours.

1.5.4 What is work performance?

According to the Oxford English dictionary (2007), performance is the capability of a machine or product to carry out a given function. In a work context, it would be the capabilities that an employee uses to complete a certain task. A more direct definition of work performance is that "it is the expected behaviour that is directly involved in producing goods, services or even activities that provide indirect support for the organisation's core technical process" (Van Scotter, Motowidlo, & Cross, 2000, p. 526). Work performance varies according to the various occupations that may exist, but may share similarities in dimensions relating to work performance, which are mostly behavioural dimensions (Viswesvaran, 2000). In the context of the research proposal at hand, the performance of employees in the financial services industry is attributed to their capability to reach financial targets as set out by management.

The importance of work performance is that it contributes directly to whether or not an organisation attains its goals. Work performance hinges on what the organisation has in place to achieve its goals and thus directly links work performance to organisational goals (Ones, 2000). Work performance in relation toan organisation's goals, is broken down into tasks that are assigned to those employees in the organisation who are accountable and responsible for them, depending on their skills and attributes (Viswesvaran, 2000). As tasks are completed by employees, their performance is judged on how well they have been completed. The responsibility of completing tasks lies with employees who have been allocated tasks, but it is the leader's responsibility to ensure that tasks are completed properly, with the correct behaviour being displayed. Performance is impacted by various attributes both physical and psychological, but it is said that 75% is attributed to how employees are led (Drotter, 2003). According to Drotter (2003), a true leader takes accountability for the success of other people and not only himself or herself. This comes down to which leadership approach is used and how it contributes to work performance.

1.6 RESEARCH DESIGN

In this section, various perspectives on training are reviewed. The type of research method, measuring instruments, the participants selected for the study, the administration of the measuring instruments and the analysis of the data are discussed.

1.6.1 Quantitative research

Quantitative research is defined as social research that utilises empirical methods and empirical statements (Cohen& Manion, 1980). The aim of this research was to explore phenomena by collecting numerical data that are analysed using mathematically based methods (Creswell, 1994). In this section, quantitative research is explained, with the focus on the instruents used in this type of research, and how they are administered.

1.6.1.1Research approach

Because a quantitative research approach was followed in this research, the aim was to correlate various leadership approaches used in the financial services environment with employee satisfaction and the performance levels of followers. This should assist businesses to identify the ideal leadership approaches to promote employee satisfaction and work performance. It will also contribute to the leadership development of new leaders so that they can adopt the most appropriate leadership approach. Another aim of this research was to address the importance of employee satisfactionand performance, as well as the role of leadership in driving them. This was done to identify employee satisfaction and performance levels and leadership approaches. The level of satisfaction in terms of leadership methods was used to determine how the leadership approaches can be better developed or changed to increase employee satisfaction and employee performance.

To assess employee satisfaction, employee performance and leadership

approaches, paper-based assessments were administered onsite. Existing questionnaires were used as they had already been approved with regard to validity and reliability, and those selected were the data collection tools for this study. Data were analysed statisticallybecause this was quantitative research and the Statistical Program for the Social Sciences (SPSS) was used to facilitate the analysis ofdata and describe the variables identified, compare data and answer the research question at hand (Terre Blanche, Durrheim,& Painter, 2006).

1.6.1.2 Research method

(a) Research participants

The population for this research came from one organisation in the financial services industry, in order to keep costs low. The population comprise of a 270 employeesin the debt collection area, and from this population, no fewer than100 participants were used, which represents 37% of the population. This sample was selected using the nonprobability sampling method which refers to any kind of sampling where the selection of elements is not determined by the statistical principle of randomness (Terre Blanche, Durrheim, & Painter, 2006).Convenience samples were used as employees voluntarily participated until the required participation levelwas reached.

(b) Measuring instrument(s)

The following three variables were measured in this research, leadership approaches, employee satisfaction and job performance. Various instruments were used for each variable in the form of paper based questionnaires. These were as follows for each variable:

- For **leadership approaches**, the proposed measuring instrument used was the Multifactor Leadership Questionnaire, which measures constructs that comprise the transactional and transformational leadership approaches (Bass & Avolio, 1990). Initially, the questionnaire comprised 142 items, but

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was later reviewed, producing a 73-item questionnaire in order to strengthen the questionnaire's reliability (Percy, 1994). This questionnaire makes use of various dimensions in order to categorise an individual into a particular leadership approach. For transactional leadership, the dimensions identified are charismatic leadership, inspirational leadership, individualised consideration and intellectual stimulation. For transformational leadership, the dimensions identified are contingent reward and management by exception. All these dimensions are the same dimensions identified by Luthans (2008). Because the multifactor approach only identifies the measurement of transformational and transactional leadership approaches, it should be noted that all other approaches such as the discussed authentic leadership approach were derived on the basis of the transformational leadership approach and share similar dimensions of transformational leadership (Gardner, Avolio, & Walumbwa, 2005). The multifactor leadership questionnaire makes use of a five-point response scale in asking various questions that determine a particular leadership approach used by a leader (Bass & Avolio, 1990).

- The assessment administered to determine **employee satisfaction**was the job satisfactionsurvey (JSS). According to the JSS, job satisfaction represents an affective or attitudinal reaction to a job (Spector, 1985). Smith, Kendall, and Hulin (1969) state that job satisfaction is determined by various factors which may be physical or psychological that individuals respond to and which may, in turn, determine the attitudesthey havetowards their jobs, which determine how satisfied they are with their jobs (Locke, 1976). Since t he JSS makes use of various questionnaires that measure various dimensions contributing to satisfaction, the attribute that is of interest in this study was job satisfaction or the attitude that employees have towards their managers in the financial services environment. Thus a particular JSS was used, namely the Behaviour Description Questionnaire developed by Stogdill (1963). Thisquestionnaire is used to measure the perception that participants have of their leadership. This questionnaire makes use of ten descriptive statements, which indicate

the level of supervisor concern with employee feelings and welfare. The higher the score the better the leader's behavioural consideration (Stogdill, 1963).

- In terms of **job performance**, organisational appraisals were used. Performance is regularly measured in the financial services industry to ensure that targets are met. This data is usedmonthly for paying monthly performance incentives. This data was used to determine on employee satisfaction in relation to leadership, but because performance appraisal methods are specific to organisations, their reliability and validity can only be measured against what they were developed for. This being said, the work performance questionnaire was used, which measures performance by correlating two factors, namelyperformance and commitment (Becker& Kernan, 2003). The questionnaire relates commitment to performance by distinguishing between affective commitment, which is the commitment that an individual has towards an organisation, which may be emotional in nature, and continuance commitment, which is consistent commitment with an organisation owing to the perceived costs that may arise if failing to commit (Allen & Meyer, 1990). These two commitment dimensions are aligned with in-role performance, which is performance linked to what is expected from an employee with regard to key performance indicators as per job description (Williams & Anderson, 1991) and extra-role performance which looks at the additional performance measures that impact on an organisation's effectiveness (Moorman, Niehoff,& Organ, 1993). The work performance questionnaire examines commitment and performance dimensions in line with the supervision that employees receive because monitoring and improving performance is an explicit function of supervision (Yukl, 1989). Work performance is measured in accordance with how employees are managed. Commitment is measured by the commitment employees have towards their managers, while performance is measured by managers'perception of their employees' performance.

As stated previously, all questionnaires were administered manually in the form

of pencil and paper based which are tests that administered and scored electronically (Foxcroft & Roodt, 2009).

(c) Research procedure and ethical considerations

The research procedure utilised was one that allowed anyone within the organisation to participate voluntarily, without discrimination. All data were collected by means of paper-based questionnaires where individuals voluntarily responded using pencils. A reasonable time of 45 minutes was given to employees. To ensure fairness, data were analysed by qualified professionals in an ethical way guaranteeing nondisclosure of names.

Ethical considerations were based on various existing principles and policies such as the International Test Commission's Guidelines for Test Use, Version 2000 (1999). These guidelines describe fair assessment practices as involving the following:

- The appropriate, fair, professional and ethical use of assessment measures and assessment results,
- taking into account the needs and rights of those involved in the assessment processes,
- ensuring that the assessment conducted closely matches the purpose for which the assessment results will be used, and
- taking into account the broader social, cultural and political context in which assessment is used and the way in which such factors might affect assessment results, their interpretation and use.

The International Test Commission's Guidelines for Test Use (2000), also address what assessment practitioners need to do, addressesparticipants' rights and responsibilities, and how participants are to be prepared.

(d) Statistical analysis

Once data had been collected by means of the populated questionnaires, the required systems for making sense of the data were put in place. The researcher was of the opinion that the data collected would indicate employee satisfaction levels, employee performance levels and the approaches used in the financial services organisation used in this study.

From this collected data the mode was determined which represented the most statistical data prevalent in the data collected. The median represents the mid-point value of the data when data have been placed in ascending or descending order, and the mean represents the overall average amount after adding all the data figures and dividing it by the number of participants. In this research, the number of participants was100 from a population of 270 (Terre Blanche, Durrheim, & Painter, 2006). The mean assists with the analysis of data by comparing it to an average representing the entire sample.

To be able to determine the above, a system was needed to clean the data collected and make it easier to analyse. The system was the Statistical Program for the social sciences (SPSS) which produces descriptive and inferential statistics. Descriptive analysis focuses on the reliability, validity, means and frequencies of the measuring instrument. Inferential analysis entails multiple regression analysis, Pearson product-moment correlation coefficients and ANOVA to determine the relationships between the variables and mean scores differences.

1.7 RESULTS: QUANTITATIVE RESEARCH

The results and findings of this research were written in a detailed report, to ensure that they referred to the factors studied in this research and not to any other factors.

1.8 DISCUSSIONS

The participants were informed they would have access to a written report on the findings if theyso wished to know about the findings. The findings would also be available to anyone wishing to refer to them when conducting their own research or anyone continuing this research.

1.9 CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

The conclusions, limitations and recommendations will be discussed in detail in chapter 8.The aim of research was to make recommendations to organisations, which would be discussed in writing with leaders in industries that the research might be applicable to.

1.10 CHAPTER LAYOUT

Chapter 1: Scientific orientation to the research
Chapter 2: Leadership and leadership approaches
Chapter 3: Employee satisfaction
Chapter 4: Employee performance
Chapter 5: The impact of leadership approaches on employee satisfaction and performance
Chapter 6: Empirical study
Chapter 7: Results/findings
Chapter 8: Conclusions, limitations and recommendations

CHAPTER 2: LEADERSHIP AND LEADERSHIP APPROACHES

2.1 INTRODUCTION

The aim of this chapter is to provide a theoretical perspective on the construct of leadership and various leadership approaches in the financial services environment. The leadership approaches identified are charismatic, transactional, transformational and authentic leadership. The aim of this chapter is not only to provide theoretical constructs pertaining to leadership but to also show what kind of leadership could be expected in a financial services environment.

2.2 THE CONSTRUCT OF LEADERSHIP

The construct of leadership relates to social interactions between two or more people in which the person who holds the leadership role is the one who has influence over the others (Yukl, 2002; Northhouse, 2004). The term "leadership" is not only used to denote the role of social interaction and the influential role, but also aims to describe certain traits that may complement behaviours. Leadership is constructed on various approaches/themes in order to breakdown the requirements or objectives embedded in the whole construct pertaining to the role. Northhouse (2004) identifies the following four common themes in the theory of leadership: leadership as a process, leadership as being influential, occurring in a group context and having the purpose of attaining goals. Leadership is also described in terms of the traits and behaviours that constitute the entire role of leading others. According to Tead (in Bass, 1990), leadership is a combination of traits that enable an individual to influence others in the direction that will attain goals.

In the context of the financial services environment, the role of leadership is held by managers who are identified as leaders. The purpose of a leadership role in various industries and organisationsis to oversee the services of subordinates, forming effective teams, shaping organisational and divisional

strategies and assisting clients in the respective discipline (Kanter, 1989). This means that leaders have to be able to influence without commanding authority and showing control (Kanter, 1989).

In defining leadership, two factors emerge, namely the ability able to influence a particular group of individuals, and the achievement of a particular objective or course of action (Barnard, 1938). Encompassing the two factors in leadership and also including the context in which this definition wasused in this study, leadership can then be defined as the ability of an individual to influence a team or group of individuals, encompassing certain driving forces preferred by followers along with the leader, to achieve a common goal or target set by either the leader or the given environment (Bennis, 1989).

2.3 EFFECTIVE LEADERSHIP

Now that the construct of leadership has been defined, it needs to be further analysed. Organisations go a step further by categorising their desired leaders as effective leaders. Such leaders are the types of leaders who not only influence subordinates or followers to achieve specific goals, but who also do so by giving the organisation the capability to achieve and maintain its competitiveness in the increasingly complex and challenging business environment characterised by opportunities and threats (Lear, 2012).

2.3.1 Defining effective leadership

The effectiveness of leaders can be identified and assessed on the basis of how they portray their leadership role towards their subordinates, colleagues and management (Antonakis, Cianciolo, & Sternberg, 2004). In addition, in the work context, others may see leadership effectiveness in a leader's development and how he or she moves up in the management hierarchy in the organisation. Theseare some of the factors used to identify effective leadership.Effective leadership can be explained as the influence of leader

behaviour on follower performance and job satisfaction, particularly satisfaction with the leader (Engelbrecht, 2002).

There is a correlation between the leader-follower relationship values being complementary to the leadership style as a determinant of leadership effectiveness (Chatman, 1991). There is support for this notion because it has been posited that the effectiveness of leaders depends on how appropriate their leadership style is to the situation in which they operate (Bruno & Lay, 2006, p. 3). Other researchers have gone one step further in identifying particular leadership styles to be complementary to effective leadership. It has been stated that effective leaders are those who display a transformational rather than a transactional leadership style (Palmer, Walls, Burgess & Stough, 2001, p. 5). The correlation of leadership styles with the leader-follower relationship drives leaders to transform the value system of their followers to eventually match their own and the core values of the organisation, thus leading to positive impacts on job satisfaction, commitment, job performance and long tenure for employees (Engelbrecht, 2002). On the basis of the above information, the concept of leadership effectiveness can be defined in this context as the followers' satisfaction with their leader in terms of the particular leadership approach or style adopted.

2.3.2 Factors predicting effective leadership

Following the definition of effective leadership, and in the context of financial services, there are two factors pertaining to effective leadership that contribute to the various leadership approaches and the current research study. These factors are individual difference variables and contextual variables.

2.3.2.1 Individual difference variables

The various dimensions categorised under individual difference variables are competencies, deficiencies, behaviours, leadership styles, expertise,

experience and maturity levels. Competencies relate to underlying characteristics that a person possesses that result in effective performance (Klemp, 1980). These are the skills and abilities that equip the leader to effectively complete given leadership tasks. Deficiencies can be explained as those characteristics that may result in ineffective performance, namely those weaknesses that may hinder an effective leader's performance (Antonakis, Cianciolo, & Sternberg, 2004). Behaviour refers to the observable actions of an effective leader. Leadership style is basically the leadership approach a leader adopts in leading his or her subordinates, which may determine whether or not the leader is effective.

Expertiseis basically the knowledge and understanding a leader has of leading others. Experience is hypothesised as a predictor of group performance, particularly in high stress situations (Fiedler, 1986). Past exposure and experiences equip leadersto handle future situations better, to know how to behave or which leadership style would be appropriate. The assumption is that leaders learn the required competencies, behaviours and expertise as a result of their experiences and knowing what sort of capabilities distinguish effective from ineffective leaders (Antonakis, Cianciolo,& Sternberg, 2004). Experience also gives leaders an idea of their deficiencies and how to improve on them. Lastly, maturity levels are deemed to contribute to effective leadership. More advanced maturity levels mean that leaders understand themselves and others in more complex ways (Drath, 2001; Jacobs & McGee, 2001). Maturity levels can be associated with emotional intelligence. Emotional intelligence has been described as a set of abilities that refer in part to how effectively one deals with emotions within oneself and others (Salovey & Mayer, 1990, p. 185). Maturity levels can also be developed through experience.

2.3.2.2 Contextual variables

Contextual variables are explained as those variables that influence the degree to which a particular individual's differences are related to effectiveness

(Antonakis, Cianciolo, & Sternberg, 2004). The dimensions of contextual variables include the nature of the work that the group engages in, the characteristics of followers and the resources provided and available to the leader. The path goal theory of leadership, House (1971) indicates the most common way that contextual variables influence leadership effectiveness, as highlighted below:

- **Supportive:** showing concern for the needs and welfare of subordinates and creating a positive work environment.

- **Directive:** providing subordinates with clear expectations, guidance, rules and procedures and scheduling and coordinating work.

- **Participative:** involving subordinates in decision making and taking their views and suggestions into account.

- **Achievement oriented:** setting challenging goals and performance standards and showing confidence that subordinates will attain them.

With regard to contextual variables, the leadership setting also plays a major role, that is, who the leader is –an individual, a team or group, or the entire organisation (Antonakis, Cianciolo, & Sternberg, 2004). In the context of this study, teams played the primary role.

2.4 TRANSITION IN LEADERSHIP THEORIES

A review of various leadership theories reveals the "school of thought" on how leaders should be portrayed. Leadership theories tend to not only focus on the characteristics and behaviours of successful and effective leaders, but also to consider the role of followers and contextual leadership. In the context of the financial services environment, various theories are applicable to the construct of leadership. The theories discussed below are trait theory and behaviourist theory. Additional theories are identified as leadership approaches, although it

should be noted that all the theories explained are embedded in leadership approaches.

2.4.1 Trait theory

The trait perspective is based in early psychological constructs that argued that people are born with certain characteristics that result in their becoming effective leaders (Yukl, 2006). The focus shifted to identifying effective leaders and then identifying the characteristics that make leaders successful. Early trait researchers believed that such characteristics distinguished leaders from non-leaders, and also what makes leaders effective (Fleenor, 2006). Various traits have been identified in defining what constitutes an effective or successful leader.

In the organisational context, various leadership traits or competencies are distinguished – for instance, whether a leader is a hard worker, honest, fair and able to empower others (Antonakis, Ciancolo, & Sternberg, 2004). Various traits are emphasised more than others in playing a greater role in leadership. Galton (1869) identified a broad perspective trait in leadership, namely that extraordinary intelligence as a key leadership attribute rather than just intelligence. Key traits highlighted are extroversion, conscientiousness, creativity, flexibility and emotional intelligence (Zaccaro, Kemp, & Bader, 2003).

Gardner (1989) published a study involving a large number of leaders and concluded that certain characteristics appear to make a leader successful. These characteristics were specifically defined and not categorised to define various attributes. These traits were criticised in the sense that successful leaders' characteristics are often perceived as "male traits" (Fleenor, 2006). Often not contextualised, the ideal traits are identified by Antonakis, Cianciolo, and Sternberg (2004) as stable and coherent integrations of personal characteristics that foster a consistent pattern of leadership performance across a variety of group and organisational structures. In the context of a financial

services environment, the traits listed below complement variousleadership approaches or styles and categorise various leadership characteristics instead of identifying and defining large characteristics that may have similar or the same objective and/or meaning. These traits are discussed below according to the following five categories of leader attributes: (1) cognitive abilities, (2) personality, (3) motivation, (4) social appraisal and interpersonal skills, and (5) leader problem-solving skills, expertise and tacit knowledge (Mumford, Zaccaro, Harding, Fleishman, & Reiter-Palmon, 1993; Mumford, Zaccaro, Harding, Jacobs, & Fleishman, 2000).

2.4.1.1 Cognitive abilities

In this attribute, general intelligence seems to be one of the main cognitive abilities relating to intelligence and leader effectiveness (Zaccaro, White, Kilcullen, Parker, Williams, & O'Conner-Boes, 1997), in which an association between general intelligence and both attained organisational level and ratings of executive potential are evident. Creative and divergent thinking was also identified as a vital characteristic in that it plays a role in organisational environments that require problem solving (Mumford, Scott, Gaddis, & Strange, 2002). This notion was supported by Baehr (1992), who found that in a sample of 1358 managers in organisations throughout four different industries, attained organisational levels were associated with creative executives who displayed higher creative potential scores then lower-level managers. Other studies also looked at the influence of cognitive complexity and meta-cognitive skills on indices of leadership processes and performance (Bader, Zaccaro, & Kemp, 2004). In the characteristics identified by Gardner (1989), action-oriented judgement was identified as a possible characteristic associated with cognitive abilities.

Cognitive abilities are considered to be the most basic foundation of leadership skills because they relate to the basic cognitive capacities such as collecting, processing and disseminating information (Lau & Pavett, 1980; Mintzberg,

1973; Zaccaro, 2001). Cognitive abilities also provide the basis for a leader to be able to develop and acquire new skills, grasp new information and process such information into knowledge of implementation, whichare both promoted by cognitive abilities (Mahoney,Jerdee & Carroll 1965). These leadership abilities include oral communication to effectively convey information on what needs to be accomplished and why it needs to be done and also the ability to listen and comprehend and question in order to gain a complete understanding (Mumford, Campion, & Morgeson, 2007). Even though various skills and characteristics are identified, cognitive abilities basically mean that one can take on a leadership role, learn, develop, be creative, grasp information and adapt to a role. Cognitive abilities help leaders to meet the requirements of the leadership role (Isasen, Babij, & Lauer, 2003).

2.4.1.2 Personality

Studies on personality have focused on leadership and the Big Five model; and leadership and dimensions of the Myers-Briggs Type Indicator (MBTI). These are the most common personality identifier tools associated with personality characteristics. Various attributes such as the following have been associated with personality: locus of control, adaptability, optimism and destructive personality characteristics. Gardner (1989) also identified flexibility and trustworthiness.There are numerous personality traits that can be categorised into the following five main categories: emotional stability, extroversion, openness to experience, agreeableness and consciousness (Digman, 1990; McCarae& Costa, 1991). In his research, Salgado (1997) found that emotional stability, consciousness, extroversion and agreeableness, but not openness, were valid predictors of managerial job performance in the European community. McCauley (1990) and Zaccaro (2001) suggest that what differentiates leaders from non-leaders could the traits of extroversion, intuition, thinking and judging.

2.4.1.3 Motivation

According to Antonakis, Cianciolo, & Sternberg (2004), the following motives are deemed to have an influence on leadership:

- the need for power,
- the need for achievement,
- the need for affiliation, and
- the need for responsibility.

Since the above may not all be applicable, a focus in individual differences in a person's motivation to lead is an addition to the empirical literature investigating leader motives (Chan & Drasgow, 2001). Chan and Drasgow (2001) argue that individual differences affect a leader's decision to assure leadership, training roles and responsibilities, and that they affect the leaders' intensity of effort at leading and persistence as a leader. In addition, it was also argued that this individual difference construct mediates the influences of general cognitive ability, the Big Five personality traits, sociocultural values, leadership efficiency and past leadership experience values on other leadership criteria. A leader's motives affect the way a leader portrays himself or herself and influences other attributes in determining what sorts of characteristics are required. Miner (1978) found that managers' motivations were associated with advancement and promotion. Convelly, Gilbert, Zaccaro, Threlfall, Marks and Mumford (2000) reported that the need for responsibility was associated with career achievement among military officers.

2.4.1.4 Social appraisal and interpersonal skills

Social appraisal is aligned with social intelligence in which the latter is deemed to refer to the ability to understand the feelings, thoughts and behaviours of persons including oneself, in interpersonal situations and to act appropriately on that understanding (Martowe, 1986). This is a trait that plays a huge role in

effective leadership because it provides the leader with characteristics to assisthim or her in any social context. These characteristics, as defined by Martowe (1986), also help the leader to be able to respond to a given social context because he or she understandsthe feelings, thoughts and behaviour of people in the given context (Zaccaro, 2002). With such an understanding, one can respond in a given social context without negatively influencing the feelings, thoughts and behaviours of others.

One of the attributes that has been identified as being a contributor to social intelligence or social appraisal is emotional intelligence. It is the ability to perceive emotions, access and generate emotions to assist thought, understand emotions and emotional knowledge, and regulate emotions, in order to promote emotional and intellectual growth (Caruso Mayer, & Salovey, 2002). The following four emotional intelligence skills have been identified by Caruso, Mayer et al. (2002), Mayer and Salovey (1997) and Mayer (1990), in support of the attribute of emotional intelligence:

- Emotional identification refers to the skills in identifying and appraising one's own feelings and the emotional expression of others. This also looks at expressing one's feelings and being able to identify true emotional expressions.

- Emotion use refers to the ability to direct attention to important events and environmental cues. It also looks at directing the appropriate emotions when making decisions.

- Emotional understanding refers to the ability to understand emotions in a given context of oneself and others and how such emotions are interlinked.

- Emotional management refers to being in control of one's emotions and being able to respond to certain problems without releasing any negative emotions.

Gardner (1989) identified assertiveness and understanding of followers and their need, as those traits that can be categorised under social ability.

2.4.1.5 Leader problem-solving skills, expertise and tacit knowledge

As stated earlier, leadership is all about interaction in a given social context and having to influence individuals in the same social context. In any given social context or scenario, if two or more people are present, there are bound to be problems or an imbalance, and the leader in this context will be faced with the responsibility of resolving such problems. Mumfordet al. (2000) support this notion by postulating that being able to identify a problem and show how such a problem can be resolved gives a leader the upper hand in career advancement. The application of problem solving and appraisal skills to experience drives the acquisition of tacit knowledge. According to Sternberg (2002, p. 430), it is "what one needs to know to succeed in a given environment and is knowledge that is typically not explicitly taught and not even verbalised". Such knowledge is learnt through the development of a leader and through experience. Gardner (1989) identified task competence and courage and resolution in this context.

Trait theory of leadership differentiates leaders from nonleaders by focusing on the personal qualities and characteristics of leaders (Anon., n.d.). It was believed that through this approach, critical leadership traits could be isolated and that people with such traits could be identified to take over the existing leadership roles (Bolden, Gosling, Marturano, &Dennison, 2003). Such qualities and characteristics may include personality, social, physical or intellectual attributes that describe leaders and distinguish them from non-leaders in a given context (Robbins, Judge, Odendaal, & Roodt, 2009). The main drawback of the trait theory was that many traits were identified, and after several years it became apparent that there was only minor consistency in the identified traits (Bolden, Gosling, Marturano, and Dennison, 2003). The common traits identified included among other things, technical skills, charisma, enthusiasm, courageousness, being task motivated and emotional control. The

disadvantage of all this was that managers thought they knew what qualities a manager had to possess in order to be an effective leader (Luthans, 2008).

Throughout the study of trait theories, the emergence of the Big Five personality framework and trait theory, made it clear that many of the traits emerging in various leadership reviews could be subsumed under one of the Big Five traits and that this approach resulted in consistent and strong support for traits as predictors of leadership (Robbins, Judge, Odendaal, and Roodt, 2009, p. 291). The Big Five factor model identifies the following dimensions:

- **Extroversion**. The two common traits associated with extroversion is ambition and energy (Robbins, Judge, Odendaal, & Roodt, 2009). Extroversion characterises sociable, outgoing, talkative, assertive and gregarious individuals (Luthans, 2008).

- **Conscientiousness and openness to experience**. These two traits show a strong and consistent relationship with leadership. Leaders who are conscientious are disciplined and keep to their commitments, and those who are open to experience tend to be creative and flexible. Both of these two have a strong advantage when it comes to leadership. Conscientiousness is characterised by being dependable, persistent and responsible, whereas openness to experience is characterised by being curious intellectual, creative, cultured, artistic, sensitive, flexible and imaginative (Luthans, 2008).

- **Agreeableness and emotional stability**. Agreeableness is an individual's tendency to be trusting, nurturing, conforming and accepting; and emotional stability is one's ability to perceive and express emotions, understand and reason with emotions and effectively manage emotions both in oneself and others (Northhouse, 2004).

2.4.2 Behavioural theories

In contrast totheories that look at leadership characteristics and attributes, the behavioural approach examines leadership behaviour, that is, how leaders behave towards their followers (Northhouse, 2001). This includes how leaders behave in order to not only be able to interact in a social context, but also be able to influence others in that given social context. Both the trait and behavioural approaches complement leadership and various leadership approaches, in which attributes indicate how a person may follow certain leadership styles. Certain traits and behaviours are identified and explained contextually in the financial services environment.

The behavioural approach relates to how leaders conduct themselves in a leadership role –that is, the observable actions and reactions of leaders and followers in any given situation (Yukl, 2006). Research onthe behavioural approach identifies two types of behaviour, namely task and relationship behaviours (Northhouse, 2004). Task behaviours are those specific actions that facilitate understanding of what is required of a task operating procedure and acquiring task information. Relationship behaviours, however, involve conduct that facilitates behavioural interactions, cognitive situations and attributes that must be developed before members can work effectively as a team. Others have categorised the behavioural approach into four categories, namely task and relationship behaviour and change-oriented behaviour and passive leadership. In change-oriented behaviour, the leader's conduct facilitates and drives change in groups.This is different from task and relationship behaviour, which encompass actions such as developing and communicating a vision for change, encouraging innovative thinking and risk taking (Yukl, Gordon & Taber 2002). Passive leadership is a type of behaviour that is not present when there is no need for it. In other words, the leader only actively engages if there is a problem or a specific challenge emerges (Avolio, Bass, & Jung, 1999). These two additional approaches are often distinct and can be categorised under task

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and relationship behaviour. Task behaviours in a financial services environment would thus require leaders to ensure that the financial targets that have been set are reached, while the relationship behaviours ensure that there are relationships between team members and staff and between the leader and subordinates to ensure that a mutual objective and vision are achieved.

Task behaviour and relationship behaviour are explained in more detail in the subsections below.

2.4.2.1 Task behaviour

Task behaviour is categorised under the following three dimensions to explain the entire task behaviour construct:

(a) Transactional behaviour

Transactional behaviour, which will be discussed in more detail under leadership approaches, is built on dynamic exchanges whereby the leader praise, rewards or withholds punishment from a subordinate who meets the desired standards. This is a type of behaviour focuses specifically on tasks, whereby the outcome regarding tasks is rewarded accordingly, and there is more of an exchange relationship with a direct correlation between task outcome and rewards (Burns, 1978). Transactional behaviour is based on three dimensions, namelycontingent reward, active management by exception and positive management by exception. The latter dimensions directly and positively affect subordinate satisfaction and performance in that performance is directly linked to rewards (Hunt & Schuler, 1976; Klimoski & Hayes, 1980; Podsakef, & Schrishem, 1985). A subordinate knows exactly how to behave in order to be rewarded. In transactional behaviour, leaders may coach and develop team members through feedback which incorporates contingent rewards (Burke et al., 2006). The leader also has to provide thorough feedback, as the outcome needs to be rewarded.

(b) Initiating structure

Initiating structure has to do with leader behaviour that promotes the accomplishment of task objectives through the reduction of role ambiguity and conflict (Burke et al., 2006). Pearce Sims, Cox, Ball, Schnell, Smith, and Trevino (2003) categorise this concept into two dimensions, namely directive and autocratic leadership. In directive leadership, all tasks are explained and directions given on how to accomplish those tasks in order to meet the desired standards (Burke et al., 2006). Autocratic leadership, however, has to do with leaders' ability to make decisions without consulting any of the team members or subordinates, and is solely based on the leaders' sole discretion (Schriesheim, House, & Kerr, 1976). Such dimensions and behaviours act as a resource that the leader uses to manage material and personal resources through the provision of clear, compelling and purpose-oriented direction (Burke et al., 2006). Everyone clearly knows what is expected of them.

(c) Boundary spanning

According to Brown and Eisenhardt (1995), boundary-spanning communication involves both politically oriented communication that increases the resources available to the team, and networking communication, which increases the amount and variety of information that is available to the team. Boundary spanning can be associated with competitive intelligence, whereby a team tries to collect information from the external environment to assist it in completing certain tasks and solving complex problems. Hirst and Mann (2004) posit that it involves collaborating with others outside the team, scanning the environment and negotiating resources for the team. This helps the team to function better in the global environment. Given such a behavioural dimension, boundary spanning is more closely related to the leader's role as a director than as a facilitator (Edmondsor, 2003). This behaviour is conceptualised as primarily having a taskfocus. This kind of leadership behaviour provides the foundation for completing the leadership function of information search and structure.

2.4.2.2 Relationship behaviour

Relationship behaviour, like task behaviour, has also been categorised into four categories which emphasise the whole construct of relationship behaviour.

(a) Transformational behaviour

Transformational behaviour, which will be discussed in more details under transformational leadership, is characterised by a meaningful and creative exchange between leaders or subordinates in order to effect vision-driven change in people and contexts (Bass, 1985). This type of leadership adopts a balanced approach, whereby leaders facilitate their followers' efforts to solve complex problems while concurrently developing subordinates to enable them to address future problems (Bass, Avolio, Jung, &Berson, 2003). Also, where task orientation is involved, this dimension seeks to integrate subordinates to ensure that they complete certain tasks. The focus is mostly on subordinates, equipping them with capabilities to complete complex tasks. This dimension has a direct correlation with team performance in which such behaviours involve the management of material and personal resources (Burke et al., 2006).

(b) Consideration

Consideration is the type of leader behaviour that is directed at maintaining close social relationships and group cohesion (Burke et al., 2006). Consideration is characterised by two-way open relationships, mutual respect, trust and an emphasis on satisfying subordinate needs. The main impact of consideration on team performance outcomes is in the leader's use of these behaviours during the provision of expert coaching. The provision of expert coaching has been argued to be a key attribute through which leaders can impact team performance. It is the means through which team coherence is often developed and maintained (Hackman &Wagemen, 2005; Kozlowski, Gully, McHugh et al., 1996; Kozlowski, Gully, Salas et al., 1996).

(c) Empowerment

Empowerment behaviour refers to the leader's actions that emphasise the development of follower self-management or self-leadership skills (Pearce et al., 2003). This dimension relates to the leader empowering subordinates to be able to complete complex tasks or deal with problem-related situations without any direct supervision and also developing subordinates by delegating tasks that are challenging, promote development and motivate an individual to put in more effort. This is fairly prevalent in organisations in which there is minimal supervision or micro management, when subordinates are able to manage themselves and how they complete their tasks without being given a direct procedure to adhere to, but are given the resources and opportunity to complete tasks in their own manner within the confines of certain procedures. The types of behaviour included in this category are actual empowerment behaviours, and those behaviours that serve to develop team members so that they are capable of self-management (Burke et al., 2006), specifically coaching, monitoring and feedback behaviours, along with those indicative of participative, facilitative and consultative leadership styles. Owing to the correlation between empowerment and performance, it has been argued that teams may be able to self-correct more efficiently with the capabilities of providing their own feedback (Salas, Sims, & Burke, 2005).

(d) Motivation

Motivational behaviours refer to those behaviours that promote team members exerting continued effort, especially in times of difficulty (Burke et al., 2006). Behaviours indicative of this category include reward and recognition of performance and behaviours that ensure that the needs and values of members are met through the provision of support for individuals and their efforts (Fleishman et al., 1991). Owing to the correlation between motivation and performance, Salas, Dickinson, Converse and Tannenbaum, (1992) argue that teams must possess both task-work and team-work skills in order to

perform effectively. The degree of motivation held by team members translates into the amount and duration of effort that is put into a task.

2.5 LEADERSHIP APPROACHES

As stated in the introduction, the leadership approaches that will be discussed in this section are charismatic, transactional, transformational and authentic leadership.

2.5.1 Charismatic leadership

A charismatic leader is that type of leader that can transform the needs, values, preferences and aspirations of followers from self-interests to collective interests (Shamir, House, & Arthur, 1993). Such leaders cause followers to become highly committed to the leader's mission to make significant personal sacrifices in the interest of the mission and to perform beyond what is expected from a given task. The effect of charismatic leadership has been identified as emotional attachment to the leader by subordinates, emotional and motivational arousal of followers, the enhancement of follower valences with respect to the mission articulated by the leader-follower values and the intrinsic follower values (Shamir, House, & Arthur, 1993). These leaders have certain qualities and characteristics often not seen in an organisational context, where it is often a leader-follower exchange relationship. It is often a follower who identify who he or she wishes to be led by in this leadership style. In an organisational context, this sort of leadership may be visible to some extent, subordinates may identify who they wish to leadthem, but do not have a final say in this regard and the leader may in fact be an indirect leader.

Thus far, charismatic leadership has been identified by the leaders' special qualities. Conger and Kanungo (1998) describe the following five behavioural attributes of charismatic leaders that may indicate a more transformational perspective of the leadership style:

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- vision and articulation,

- sensitivity to the environment,

- sensitivity to member needs,

- personal risk taking, and

- displaying unconventional behaviour.

Musser (1987) notes that charismatic leaders seek to instil both commitment to ideological goals and also devotion to themselves. Since charismatic leadership may share a few similarities with transformational leadership, to be discussed later, the charismatic leader may not be interested in transforming an organisation or its followers. Charismatic leaders may be more concerned with their personal interests than the interests of others. Charismatic leadership is assumed to have three core components, namelyenvisioning, empathy and empowerment (Choi, 2006). A charismatic leader's envisioning behaviour influences the followers' needs for achievement, while empathy behaviour stimulates the followers' needs for affiliation, whereas the followers' need for power is enhanced by a charismatic leader's empowerment practices (Choi, 2006). The three components of charismatic leadership are explained in detail below.

2.5.1.1 Envisioning

Envisioning involves creating an overall picture of desired standards and the future state with which people can identify and which can generate enticement (Conger &Kanungo, 1998; Rafferty & Griffin, 2004; Strange & Mumford, 2002; 2005). Charismatic leaders create a vision that clarifies and defines ideal goals for an organisation and its subordinates, and because such a vision is solely created by charismatic leaders, the leader is more admired and valued by his or her followers. Charismatic leaders also adopt the means of communicating the vision and infusing day-to-day work with a larger sense of purpose and greater intrinsic appeal (Conger, 1989). Charismatic leaders are known to be highly persuasive and it is for this reason that such envisioning leaders are mostly

found in contexts were a leader is elected or chosen rather than in the organisational environment.

2.5.1.2 Empathy

Empathy indicates the ability to understand other people's motives, values and emotions (Salovey & Mayer, 1990). Empathy may underlie relationship-oriented leadership behaviours such as consideration, which is characterised by mutual trust, respect for and support for another person's ideas and appreciation of his or her feelings (Judge, Piccolo, & Ilies, 2004). Charismatic leaders, as much as they may conduct themselves in a manner beneficial to themselves overall, in the process, they are considerate towards and show an understanding of what followers may want and need and they empathise with certain elements that may be of importance to followers (Pillai, Williams, Lowe, & Jung, 2003). In decision making, even if they do not consult their followers prior to making a final decision, they do consider the needs of their followers. With empathy being a crucial dimension of leadership, Bass (1985) identified individualised consideration as a significant behavioural attribute of charismatic leadership.

2.5.1.3 Empowerment

Empowerment is defined as a process in which leaders enhance perceptions of self-efficiency among followers by identifying conditions that foster a sense of powerlessness and removing them through both organisational practices and informal techniques (Conger &Kanungo, 1988; Spreitzer, 1996). Empowerment in this context does not necessarily mean delegating or power sharing, but also implementing various managerial interventions that enable followers to feel a sense of choice in initiating and regulating actions, and in influencing strategy, administration or operating outcomes at work (Choi, 2006). As a result of empowerment, followers are able to take an active, rather than a passive orientation to their work role (Spreitzer, 1996). Charismatic leaders rely on several techniques to empower followers (Conger, 1989), as explained below:

- They structure goals and tasks so that followers can easily experience initial success before tackling successive gradual increments in task complexity (Behling&McFilen, 1996; Burke, 1986).

- Verbal persuasion by and personal recognition from a charismatic leader helpfollowers to gain confidence in their abilities, mobilise a greater sustained effort and confirm their self-worth (Conger, 1969; Spreitzer, 1995).

- Lastly, by demonstrating their own ability in performing some of the same tasks that followers are supposed to do, charismatic leaders serve as role models. In experiencing various successes through their leaders, followers end up having confidence in their own efficacy in task performance (Banduro, 1986).

2.5.2 Transactional leadership

Transactional leadership assumes that people are motivated strictly by reward and punishment. A transactional leader is highly focused on the tasks at hand, provides clear direction, and oversees productivity in detail. How subordinates complete certain tasks, in a satisfactory or unsatisfactory manner, results in whether they are rewarded or punished. This leadership approach makes the leader seem extremely task oriented, and is explained thoroughly by the contrast between being task oriented versus being people oriented. Transactional leaders are clearly defined by Theory X leaders, who define and structure their own roles and those of subordinates to attain the group's formal goals (Aamodt, 2010). Task-oriented leaders tend to manage or lead by giving directives, setting goals and making decisions without consulting their subordinates, and under pressure they become quite anxious, defensive and can also be fairly dominant (Bond, 1995). Literature suggests that in an environment in which a transactional leader is present, there are high turnover and grievance rates, regardless of performance levels, because the leadership style is mostly focused on the tasks at hand (Aamodt, 2010).

Luthans (2008) states that transactional leadership is an exchange relationship between leaders and followers and often frowned upon. It is a traditional leadership style and most of the leadership styles build upon its foundation which is highly task oriented (Robbins, Judge, Odendaal, &Roodt, 2009). Bass (1990) characterised transactional leadership as follows:

- **Contingent reward.**These leaders contract exchange of rewards for effort, promise reward for good performance and recognise accomplishments.

- **Management by exception (active).**These leaders watch and search for deviations from rules and standards and take corrective action.

- **Management by exception (passive)**.These leaders intervene only if standards are not met.

- **Laissez-faire**.This leader abdicates responsibilities and avoids making decisions.

The laissez-faire characteristic is regarded as the most passive leadership behaviour and therefore the least effective (Robbins, Judge, Odendaal&Roodt, 2009). The assumption behind transactional leadership is that people are motivated by reward and punishment and that subordinates, when accepting a given job, know that a part of the deal is that they also agree that authority will come from a given manager (Anon., n.d.). The idea behind this is that subordinates know what is expected of them prior to communicating a given task so before they even commence certain duties or tasks; they know what the reward for a given outcome is. They may not know the specific punishment but may have a vague idea. When a transactional leader delegates work to subordinates, they are considered to be fully responsible for it, whether or not they have the resources or capability to perform the task at hand (Anon., n.d.). The transactional leader often uses a management by expectation approach, working on the principle that if something is operating to define performance,

then it does not need attention, whereas exceptions to expectation require praise and reward for exceeding expectation, while some form of corrective action is applied for performance below expectation (Anon., n.d.).

2.5.3 Transformational leadership

Transformational leadership, which is built on the basis of transactional leadership as specified by Robbins, Judge, Odendaal and Roodt (2009), produces levels of follower effort and performance that go beyond what would occur with a transactional approach. Often compared to transactional leadership, it should be noted that it is not the opposite of transactional leadership. Burns (1978) explained the distinction between transactional and transformational leadership and coined the term "transformational leadership" to describe the ideal situation between leaders and followers. Transformational leadership requires the leader to understand and support the needs of followers by searching for higher-order needs and engaging with followers as whole individuals (Denhardt & Campbell, 2006). Bass and Avolio (1994, p. 22) support the notion that transformational leadership was built on transactional leadership, stating that it is "an expansion of leadership", in which transformational leadership is based on more than compliance of followers or the establishment of agreements, but it involves shifts in followers' beliefs, values, needs and capacities. Transformational leaders inspire and motivate leaders to do more than what is required. In such a leadership approach, value is given to subordinates, they are provided with all the necessary resources required for them to do more and they are developed into leaders themselves (Bass & Avolio, 1994). Transformational leaders are capable of eliciting extra-role behaviours from their followers such as organisational citizenship behaviours (Pillai,Schriesheim, & Williams, 1999).

According to Bass (1990), transformational leadership is characterised by the following four "I's":

- Idealised influence provides vision and a sense of mission, instils pride and gains respect and trust.

- Inspirational motivation communicates high expectation, uses symbols to focus efforts and expresses important purposes in simple ways.

- Intellectual stimulation promotes intelligence, rationality and careful problem solving.

- Individualised consideration involves giving personal attention, treats each employee individually and coaches and advises.

Transformational leadership is seen as being more active and effective when compared to other leadership models (Robbins, Judge, Odendaal, & Roodt, 2009, p.14). According to the model, transformational leaders are able to motivate followers to perform above expectation and transcend their own self-interest for the sake of the organisation (Robbins, Judge, Odendaal, & Roodt, 2009). Transformational leaders attempt and succeed in raising colleagues, subordinates or followers, clients or constituencies to a greater awareness about issues of consequence. "This heightening of awareness requires a leader with vision, self-confidence, and inner strength to argue successfully for what a leader sees is right or good, not for what is popular or is acceptable according to the establishment wisdom of time" (Bass, 1985, p.17). The assumption behind transformational leadership is that a person with vision and passion can achievegreat things and that the way to get things done is by injecting enthusiasm and energy into a situation or into followers (Anon., n.d.).

The process of transformational leadership includes the following steps (Anon., n.d.):

- **Developing the vision**. Transformational leadership starts with the development of a vision – a view of the future that will excite and convert potential followers.

- **Selling the vision**. In order to create followers, transformational leaders have to be careful in creating trust, and their personal integrity is a critical part of the package they are selling.

- **Finding the way forward**. The route forward may not be obvious and may not be plotted in detail, but with a clear vision, the direction is always known Hence finding the way forward can be an ongoing process of course correction, and transformational leaders accept that there are failures and blind canyons along the way, but as long as they feel progress is being made, they are satisfied.

- **Leading the change**. The final stage is to remain upfront and central during action. Transformational leaders are always visible and stand up to be counted rather than hiding behind their subordinates. They show by their attitudes and actions how everyone else should behave. They also make continued efforts to motivate and rally their followers, constantly doing rounds, listening, soothing and enthusing. It is their answering commitment as much as anything else that keeps people going, particularly through darker times when some may question whether the vision can ever be archived.

2.5.4 Authentic leadership

Avolio, Luthans, and Walumbwa (2004) define authentic leaders as "those who are deeply aware of how they think and behave, and are perceived by others as being aware of their own and others' values/moral perspectives, knowledge and strengths; aware of the context, hopeful, optimistic, resilient and think of high moral character". In an organisational context, authentic leadership is defined by Luthans and Avolio (2003, p. 243) as "a process that draws from both positive psychological capacities and a highly developed organisational context, which results in both greater self-awareness and self-regulated positive

behaviours on the part of leaders and associates, fostering positive self-development".

In terms of the above definitions, authentic leadership has some core elements that require being present whenever defining this term or characterising it, as identified and explained by Zielinska (2012) below.

2.5.4.1 Self-awareness

Authentic leaders are true to themselves and aware of their own values, beliefs, strengths, identity, sense of purpose, emotions, motivations, goals and their impact on others. Self-awareness is a constantly evolving process in which leaders continually become aware of their experiences and the context in which they operate.

2.5.4.2 Self-regulation

Self-regulation is a process by which leaders align their experiences with their actions and intentions. Self-regulation enables leaders to be themselves and to lead from their own convictions (Shamir &Eilam, 2005). Self-regulation is also the ability to alter one's own responses in order to align them with desired standards of thoughts, feelings, perceptions and behaviours (Baumeister, 1998; Carver & Scheier, 1981). This ability of alignment permits an individual to approach desired standards and avoid unwanted standards or stimuli that may hinder leadership effectiveness (Higgins, 1997).

2.5.4.3 Personal courage

Authenticity is a leadership approach that can be adapted by leaders and entails the need to use their own personal courage to be honest and open about confronting their life stories, roots and experiences, regardless of whether they are positive or negative.

Klenke (2004, 2005) proposed a model of authentic leadership that integrates contextual, cognitive, affective, and spiritual elements. The self is one of the valued attributes in leadership, where, in addition, authentic leadership has been said to include self-esteem and self-efficiency (Ilies, Morgeson, & Nahrgang, 2005), self-awareness and self-regulation (Gardner &Avolio, 2005). Spiritual elements are also said to be a critical attribute in authentic leadership. Avolio et al. (2004) suggest that authentic leadership may incorporate spiritual and ethical elements in which it is proposed that authentic leaders are spiritually more mature than their less authentic counterparts and that, over time, a leader's spirituality contributes to greater authenticity.This is an important question subject to empirical testing.

Authentic leadership is a growing phenomenon in the leadership discipline, in that increasingly more authentic leaders are required. It is contended that this is the new kind of leadership in the 21st century (George, 2003). This type of may seem to have similarities with the already discussed leadership approaches but with the emphasis on leaders themselves and spirituality. Cooper et al. (2005) note differentiations between authentic leadership and common leadership approaches. In the context of authentic and transformational leadership, Bass (1985) and Burns (1978) necessitate authentic leaders' needs do not need to be transformational – that is, they do not necessarily need to be actively or proactively focused on developing followers into leaders, even if they have a positive impact on them via role modelling. Authentic leaders are anchored by their own deep sense of self and they know where they stand on important issues, values and beliefs (Avolio & Gardner, 2005). With that foundation they state their course and convey this to others often by means of their behaviour, not only verbally, in terms of their principles, values and ethics. In the differentiation between authentic and charismatic leadership, the attention to leader and follower self-awareness/regulation is not present in charismatic leadership as identified by Conger and Kanungo (1987; 1998). The self-concept based theory of charismatic leadership devotes considerable attention to

explicating leadership behaviours and motivational mechanisms by means of which follower self-concepts are transformed as followers come to identify with the leader and internalise the role of self-awareness/regulation. This process, however has not been fully explored (Avolio& Gardner, 2005). Differentiating between authentic and charismatic leaders, authentic leaders have an influence on follower self-awareness from a values and moral perspective, based more on their individual character, personal example and dedication, than on inspirational appeals, dramatic presentations or other forms of impression management (Gardner & Avolio, 1998). Authentic leadership is so conceptualised with the leader as a person, that one authentic leader may be completely different from the next.Leadership style is mostly based on the leader's personal attributes and background, and staying authentic to self. In differentiating between authentic and charismatic leadership, the ethical element is emphasised in authentic leadership and somehow questioned in charismatic leadership.

2.6 CHAPTER SUMMARY

In this chapter the theories of and approaches towards leadership were explained. This was done by focusing on the relationship between traits and behaviours. The above discussion indicates how these approaches complement each other in identifying leaders and then developing them in a specific way.In the financial services environment, there is a need for identifying and categorising leaders. The constructs behind leadership identified in this chapter make it possible to specify traits and behaviours that can be categorised under a specific leadership approach.

CHAPTER 3: EMPLOYEE SATISFACTION

3.1 INTRODUCTION

In this chapter the construct of employee satisfaction is discussed and all relevant influences and consequences related to it are reviewed. Models pertaining to employee satisfaction are discussed.

3.2 THE CONSTRUCT OF EMPLOYEE SATISFACTION

As businesses endeavour to grow in size and revenue, they become more complex to maintain. A competitive advantage requires a productive workforce that meets the desired targets and goes beyond targets to optimally reach levels that allow the organisation to not only survive in its relevant industry, but also to thrive. This is true in the financial services environment where there are many external forces such as the performance of the economy, labour unrest, currency rates and other forces that hinder the performance of the industry. This industry requires a workforce that can perform with all these external stressors present. All factors that increase performance need to be considered. One of the most important factors is employee satisfaction. In recent times it has become more difficult to keep employees satisfied and the number of factors influencing employee satisfaction has increased dramatically.

The employee satisfaction construct is increasingly associated with employees being fulfilled by their accomplishments at work and having effective work relationships. Satisfied employees are focused on their professional tasks without being distracted by a negative environment, which leads to better performance (Leimbach, 2006). Employee satisfaction is defined as a level of fulfilment of employee needs, wants and desires (Morse, 1977). It is also described as a function of congruency between rewards and various other attributes that are given to an employee and the desire for and acceptance of these rewards and various other attributes by the employee (Scarpello & Vendenberg, 1992, p. 125). This congruency becomes important when

considering employee satisfaction as a contributor to employee performance. Leimbach (2006) believes that closely identifying and measuring a more meaningful definition of employee satisfaction will drive the identification of a closer causal relationship with organisational performance. Thus far, employee satisfaction has been described as the fulfilment of employees by their jobs and the desire and acceptance of the stimuli provided by their job experiences and also what the organisation has to offer, thus leading to satisfaction.

3.3 EMPLOYEE SATISFACTION MODELS

In this section, different models of employee satisfaction are reviewed to build up the construct of employee satisfaction.

3.3.1 The employee satisfaction model

Employee satisfaction has become a critical issue in the last two decades and a number of studies have identified a positive relationship between employee satisfaction, customer satisfaction and company performance (Homburg & Stock, 2004). Some studies have also shown a link between employee satisfaction and customer satisfaction (Weaver, 1994) and there have even been models portraying this link. One of the models that represent this link is covered in Vilares and Coelho (2000), with the employee satisfaction model which is based on their findings also reporting on the link between employee satisfaction and customer satisfaction.
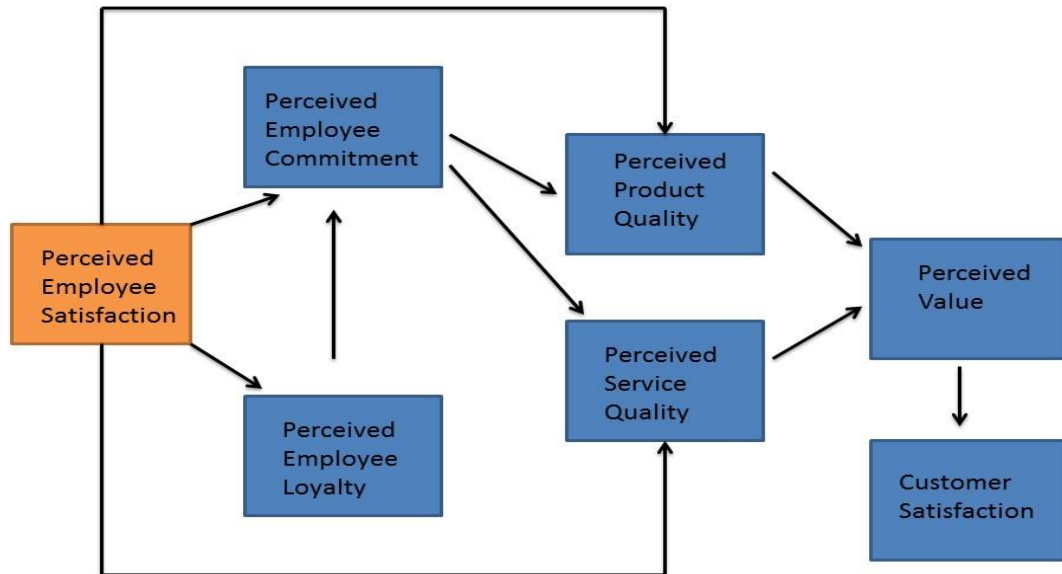
Figure 3.1 Employee Satisfaction Model (Vilares & Coelho, 2000, p. 1706)

Figure 3.1 above shows the effects that employee satisfaction has on various dimensions that contribute to customer satisfaction. Employee satisfaction drives employee commitment and loyalty which in turn drive product and service value, which thendrive customer satisfaction (Vilares & Coelho, 2000). Employee satisfaction is the foundation of this model.

From the employee satisfaction model identified by Vilares and Coelho (2000), it is important to identify a model that constitutes a base for employee satisfaction.Such a model needs to show how the core base, namely employee satisfaction,drives all the other dimensions towards customer satisfaction. This model is termed the employee satisfaction model developed by Fosam, Grimsley, and Wisher (1998), from a study conducted in police organisations in which employee satisfaction is fulfilment resulting from job experiences and loyalty.
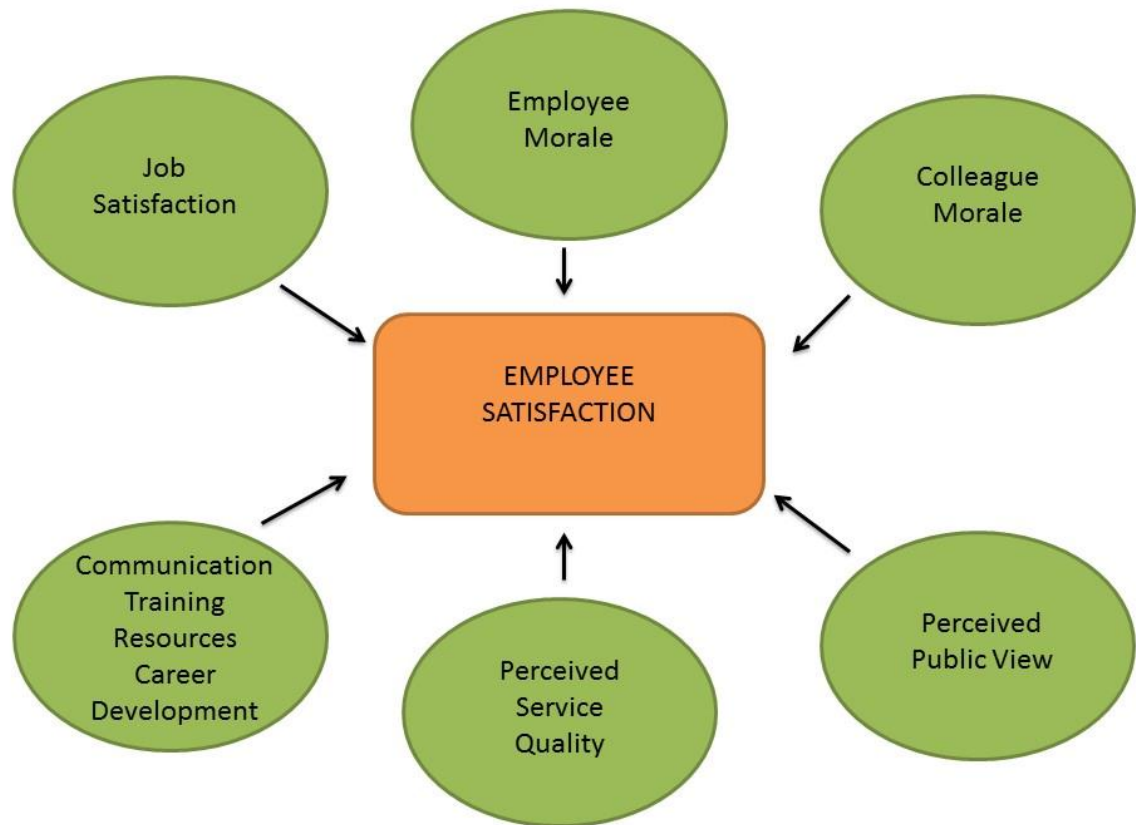
Figure 3.2 The Employee Satisfaction Model (Fosam, Gromsely, & Wisher, 1998, p: 238)

In the above model, employee satisfaction stems from various driving forces such as job satisfaction, employee morale, perceived service quality, perceived public view, communication, training, resources and career development (Fosam, Grimsley, & Wisher, 1998). This model differs from figure 3.1 because it shows that some elements may be driven by employee satisfaction but might also drive employee satisfaction. This implies a two-way direction between some dimensions and employee satisfaction, one being perceived service quality. Most of these dimensions will be explained later under the influences on employee satisfaction.

3.3.2 The causal model of employee satisfaction

The causal model of employee satisfaction encompasses physical organisational and individual variables (Ferguson, n.d.), based on five enabling dimensions that improve employee satisfaction. This casual model was developed by Eskilden and Dahlgaard (2000) and was basedon various models

such as the European Foundation of Quality Management (EFQM) excellence model which uses the same five enabling dimensions. Both the causal model of employee satisfaction the EFQM excellence model are shown below.
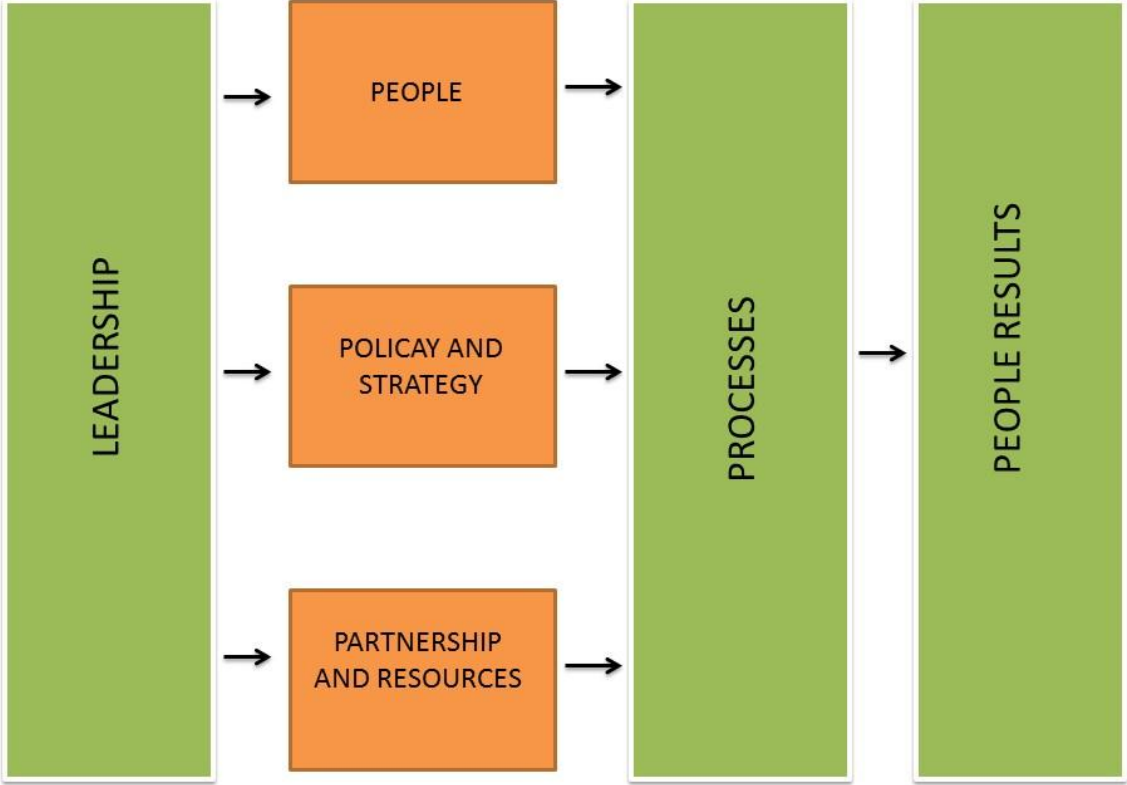
Figure 3.3 The Causal Model of Employee satisfaction (Eskilden & Dahlgaard, 2000, p: 1088)
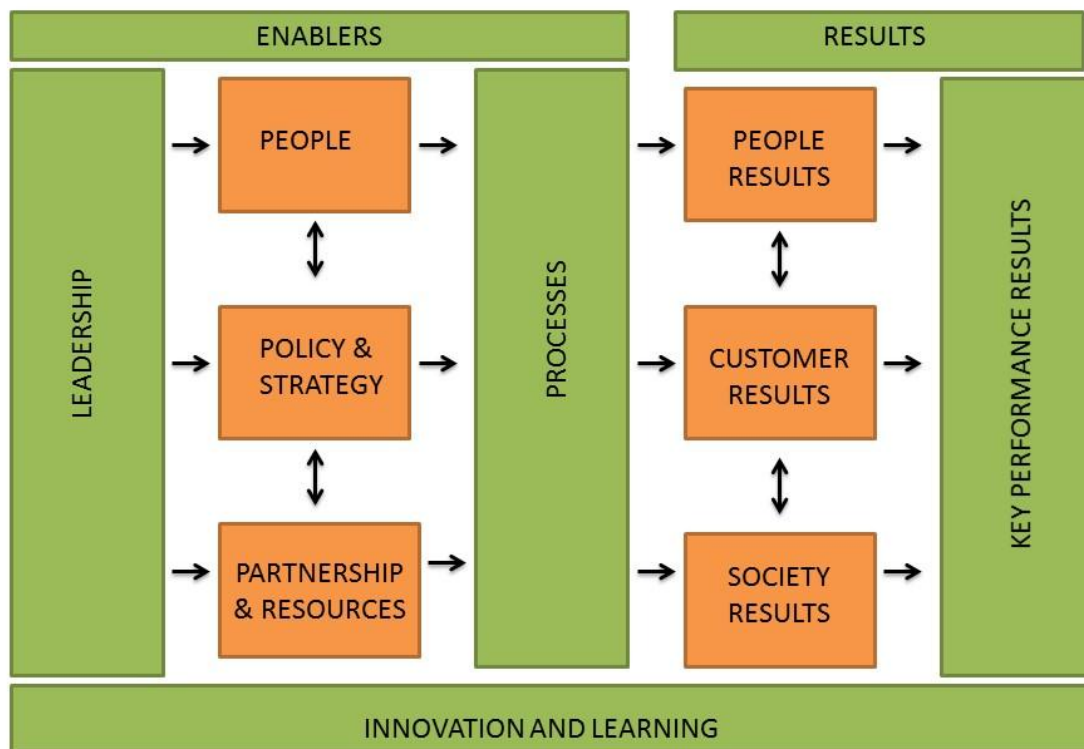
Figure 3.4 EFQM Excellence Model (Santos-Vijande & Alvares-Gonzales, 2007, p. 24)

As indicated inboth models, the five enabling dimensions can be utilised to drive employee satisfaction (Eskilden & Dahlgaard, 2000):

- **Leadership**. This is a dimension where the individual has influential power in driving a team or a group to achieve a common goal. Excellent leaders develop and facilitate the achievement of the mission and vision, then develop organisational values and systems required for sustainable success and implement these through their actions and behaviours (Bou-Llusar et al., 2008).

- **People**. This entails human resource policies, individual goals and competencies. Excellent organisations manage, develop and release the full potential of their people at an individual, team-based and strategy level and drive the effective operation of processes.

- **Policy and strategy**. This is where leaders and top management build policies and governance tools in which a culture is created with norms and values,

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which support the overall objective targeted by the organisation (Dahlgaard-Park & Dahlgaard, 2010).

- **Partnership and resources**. This dimension includes general resource policies, objectives and standards. Planning is necessary to manage external partnerships, suppliers and internal resources in order to support policy and strategy and the effective operation of processes.

- **Processes**. This dimension includes quality assurance, bench marking and Kaizen. It is necessary to design, manage and improve processes in order to fully satisfy and generate increasing value for customers and other stakeholders.

3.3.3 Kano's model in the context of employee satisfaction

Kano's model explains the differences in degree that separate sufficient and excellent when considering the customer's satisfaction (Paraschivescu & Cotiřleţ, 2012, p. 117). This model states that satisfaction and dissatisfaction are two independent concepts in the mind of the customer and should be considered separately. It also maintainsthat the relationship between performance of a need and satisfaction or dissatisfaction as experienced by customersis not necessarily linear (Paraschivescu & Cotiřleţ, 2012, p. 118). Maltzer, Fuchs, and Schubert (2004) used Kano's model of customer satisfaction to understand the driving forces of employee satisfaction.
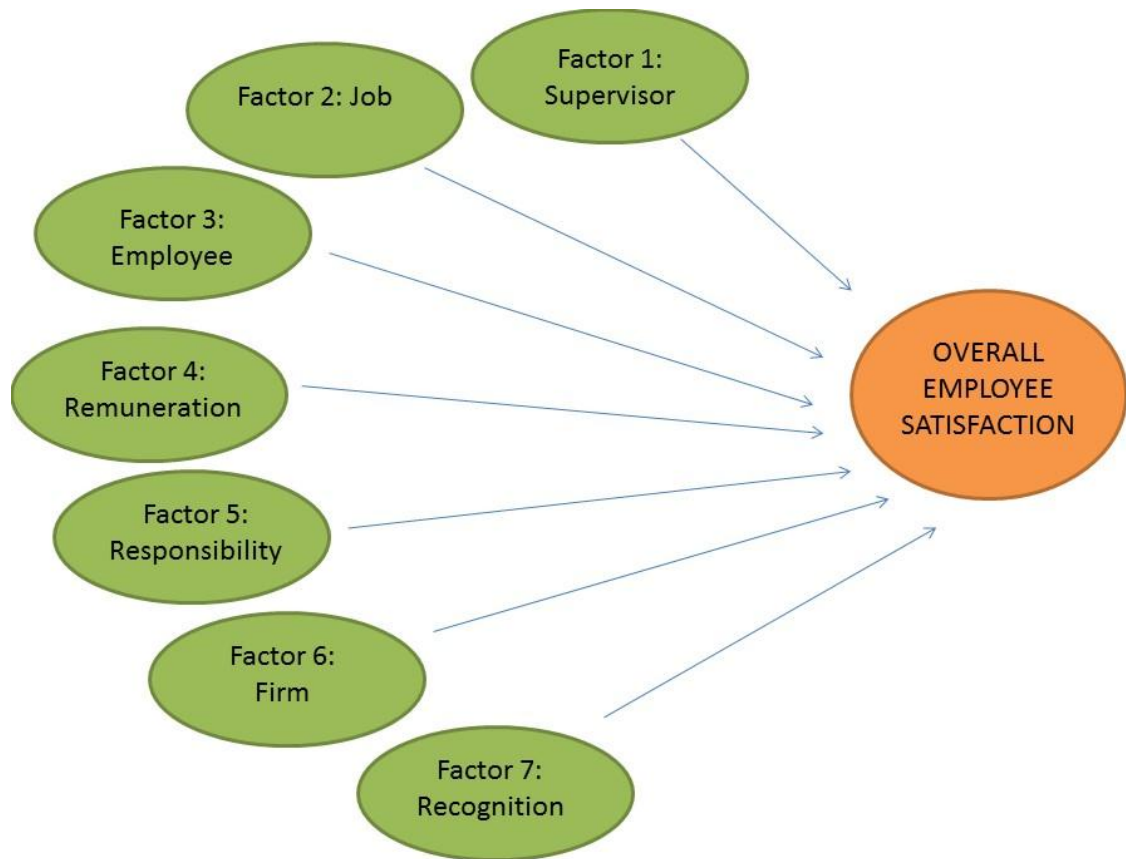
Figure 3.5 Kano's model in the context of employee satisfaction (Maltzer et al., 2004, p. 1188)

According to this model in figure 3.5, there are three categories of dimensions that have a different impact on the formation of employee satisfaction (Maltzer et al., 2004). Maltzer et al., 2004 identified these factors as follows:

- **Basic must-be factors**. These are requirements, if not fulfilled, that cause extreme dissatisfaction. Fulfilling the must-be requirements will only lead to a state of "not dissatisfied".

- **Excitement or one-dimensional factors**. With regard to such requirements, satisfaction is proportional to the level of fulfilment, and the higher the level of fulfilment the higher the satisfaction levels.

- **Performance or attractive factors**. These requirements are the criteria with the greatest influence levels on satisfaction. Fulfilling these requirements leads to more proportional satisfaction.

Barzoki, Salehzadeh, and Khodaei (2013) identified a proposed model for employee satisfaction based on the Kano model, which can be linked to the specified factors.
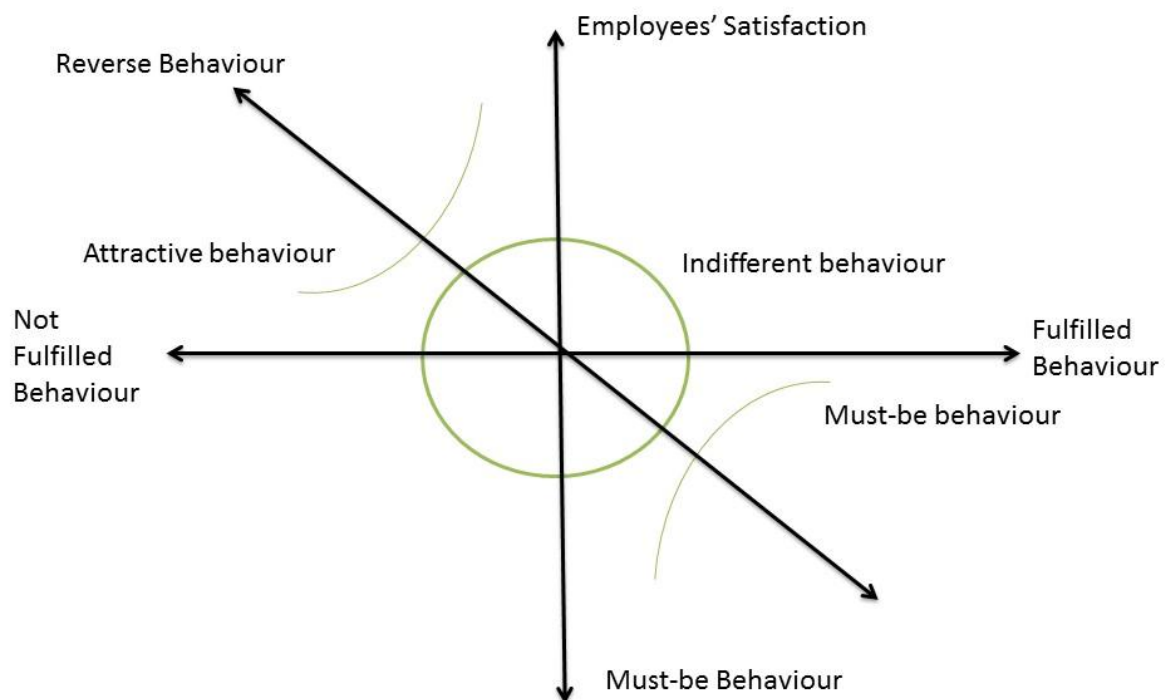
Figure 3.6 Proposed model for employees satisfaction based on Kano's Model (Barzoki et al., 2013, p. 19)

From this proposed model, the following is evident (Barzoki, Salehzadeh, & Khodaei., 2013, p. 19):

- Must-be behaviour causes dissatisfaction if not fulfilled, but does not lead to employee satisfaction if fulfilled.

- One-dimensional behaviour leads to satisfaction if fulfilled and dissatisfaction if not fulfilled.

- Performing this behaviour has a linear relationship with employee satisfaction.

- Attractive behaviour encompasses the factors that increase employee satisfaction if fulfilled, but does not cause dissatisfaction if not fulfilled.

- Indifference behaviour does not affect employee satisfaction and reverse behaviour causes dissatisfaction if fulfilled and leads to satisfaction if not fulfilled.

3.3.4 The employee satisfaction model for higher education

Employee satisfaction reflects the degree to which individuals' needs and desires are met and the extent to which this is perceived by other employees (Küskü, 2003, p. 348). This employee satisfaction model was identified by Chen, Yang, Shiau, and Wang (2006) and reflects the latter. Chen, Yang, Shiau, and Wang (2006) identified the model set out below for higher education.
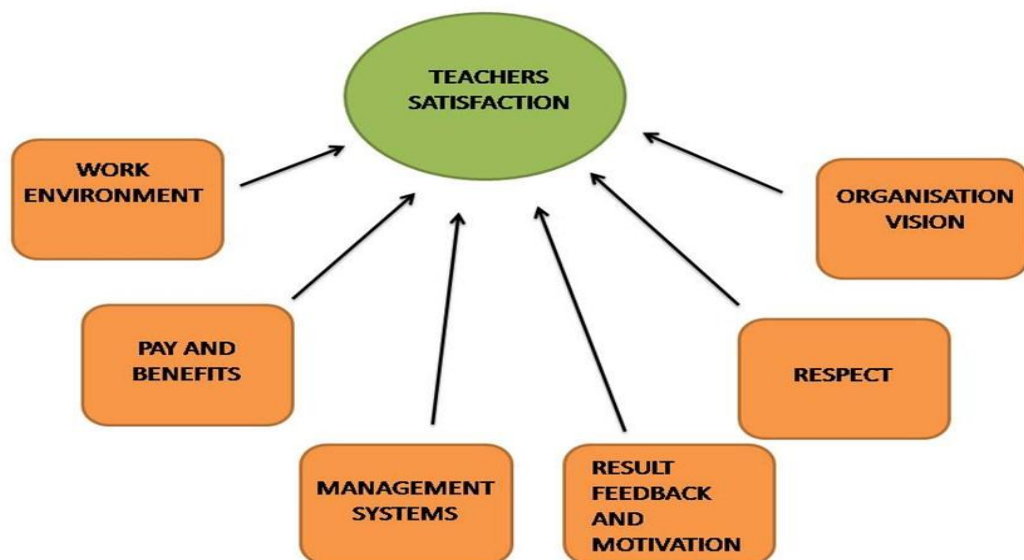
Figure 3.7 The employee satisfaction model for the higher education sector (Chen et al., 2006, p, 492)

In figure 3.7, several desires are identified, namely organisational vision, respect, result, feedback and motivation, management systems, pay and benefits, and work environment (Chen, Yang, Shiau, & Wang, 2006).

There are actually several more dimensions that have been identified in the higher education sector. According to Küskü (2003), some of the dimensions that may contribute to employee satisfaction, for example, academics' levels of satisfaction are more with their work environment, but levels of satisfaction also arise with compensation-related elements of the job. Galaz-Fontes (2002) triedto determine overall and facet-specific satisfaction in an academic environment and at the same time identifies those variables that best predict overall satisfaction.This study found that although most academics indicated satisfaction with the institution as a workplace, they also evaluated several working conditions critically, particularly those relating to limitations regarding their research activities, administrative leadership, evaluation pay and compensation issues. This shows that there may be more models indicating various dimensions, but these are dependent on the context at hand.

3.4 ORGANISATIONAL FACTORS AFFECTING EMPLOYEE SATISFACTION

Küskü (2001) identified various factors that can contribute to employee satisfaction, namely leadership, co-workers and the team they work in, work environment and working conditions. The section below discusses these factors in detail.

3.4.1 Satisfaction with leadership

Satisfaction with leadership makes a huge contribution to employee satisfaction. When employees do not think they are being led effectively, they find it difficult to be fulfilledat work (Leimbach, 2006). Satisfaction becomes important from the business side because of its correlation with employee and organisational performance. Many dimensions of leadership play a role in influencing employee satisfaction such as understanding employees' problems and needs, considering their suggestions when making decisions, showing the necessary concern for their problems and being accepted by fellow employees

(Küskü, 2001). Satisfaction stems from not only leading others in the technical side of the roles they fulfil, but also being understood in other areas that may not even be work related. Leaders have to build relationships with the ones they lead. A good relationship becomes essential as there is a need to understand an employee's professional input, give constructive criticism and be generally understood. The latter factors are driven by communication between the two parties and how they treat one another in the relationship (Sageet, Rafat, & Agarwal, 2012).

Satisfaction level is also determined by leadership style. Employees' satisfaction is greatly enhanced by democratic styles of leadership (Sageer, Rafat, & Agarwal, 2012, p. 36). This promotes the emergence of a relationship which may promote friendship, respect and warmth among employees. Employee satisfaction with leadership also stems from consistency in terms of how a leader leads each employee in a team. Satisfaction with leadership also comes from knowing that others are satisfied with it. The latter promotes open trust and support for leadership. It also helps create an environment in which employees feel empowered and willing to give their full engagement in their jobs (Leimbach, 2006).

3.4.2 Satisfaction with co-workers and the team members

The financial environment is made up of a number of teams with the single objective of meeting desired financial targets. Teams are interlinked and require each other's assistance for financial goals to be met. Individuals have to work with one another because they are pursuing the same objective. Being in a situation where employees have to work with one another, while knowing that they come from diverse backgrounds and that conflicts ariserequires that they are assured that the focus is met on interpersonal differences but not task differences (Leimbach, 2006). The success and interest shown by other employees in their own work usually strongly affect the satisfaction that fellow employees feel in their work environment (Küskü, 2001). Individuals doing the

same or similar kind of work are co-linked in their tasks and objectives. The way co-workers feel about their duties will have an impact on how satisfied an employee is, and this is especially true when working in the same team.

The success of employees and teams occurs when employees make their environment more desirable and productive with the assistance of other teams who may be doing similar or different tasks and by giving support to various tasks that are done, basically becoming an active team member (Leimbach, 2006). Being cooperative, having initiative in every aspect of the work, having work dedication, having the capacity to develop suggestions related to work and being honest are some of the dimensions that create satisfaction(Küsku, 2001). Satisfaction with co-workers and teams can only be achieved through active participation, and positive contributions from individual employees and fellow team members.

3.4.3 Satisfaction with the work environment and working conditions

Employees are highly motivated by good working conditions because they provide feelings of safety, comfort and motivation (Sageer, Rafat, & Agarwal, 2012, p. 35). Dimensions dealing with the work environment and working conditions may be how the physical work area is set up, the cleanliness of the work environment, hours of work and many others (Scarpello& Vendenberg, 2012). These factors are often not overlooked as employees spend most of their times at work. Legislation also plays a major role in having a decent work area, such as ensuring that health and safety measures are considered by the implementation of certain policies that govern them.

Lack of favourable working conditions, among other things, can be detrimental to employees' mental and physical well-being (Baron & Greenberg, 2003). Negative performance will be the result of poor working conditions since employees' jobs demand mental and physical serenity (Qasim, Cheema, & Syed, 2012). It should be noted that if working conditions are either too favourable or too extreme, this could be taken for granted by employees, where

an employee is either too comfortable in the work environment or too dissatisfied because of lack of resources (Qasim, Cheema, & Syed, 2012). Additional aspects contributing to the work environment may be temperature, ventilation and resources provided to employee to conduct their duties (Arnold & Feldman, 1996). Working conditionsare important as they assist employees to conduct their work effectively under desired conditions and with all the resources they need.

3.4.4 Satisfaction with remuneration and otherbenefits

Employee satisfaction is firstly determined by whether employees are satisfied with the amount they are paid for the job they do – not only the amount offered by the organisation but also the amount employees expect to be paid. Employees should be satisfied with competitive salary packages when comparing salaries with those of other individuals doing the same type of job in the same industry in other organisations (Sageer, Rafat & Agarwal, 2012, p. 34). It should also be noted that benefits also play the same role as salaries, benefits being pension funds and medical aid. Benefits can be compared as well, and any additional benefits may be dependent on the scope of work and hierarchy of a particular job in various organisations. The relationship between satisfaction and employees' financial needs should also be considered because of how financial pressure seriously influences employee behaviour and attitudes and thus general satisfaction levels (Brett,Cron, & Slocum, 1995, p. 261).

Employee satisfaction in this context can be described as an indicator of whether employees are happy, content and experience fulfilment in their desires and needs at work, driven by their motivation, goal orientation and morale. This should be coordinated by leaders in the work environment to ensure that employees' feelings with regard to their work are positive (Spector, 1997). All other attributes of employee satisfaction can be coordinated by leaders to ensure that employees are satisfied.

3.5. THE EFFECT OF EMPLOYEE SATISFACTION ON ORGANISATIONS

The purpose of employee satisfaction in organisations is to ensure that with the fulfilment employees experience in their jobs, they can contribute to various areas of their jobs which leads to overall organisational performance. Management need to ensure that employee satisfaction is improved in the organisation in order to retain its workforce. When employees who are really satisfied,it is a way of gauging the likelihood that they will remain with the organisation (Sageer, Rafat,& Agarwal, 2012). Various factors may be influenced by satisfaction levels but those that have an impact in the financial services environment identified for this research are productivity and performance, and customer satisfaction.Both of these are explained separately but interlinked.

3.5.1 The effect of employee satisfaction on productivity and performance

Satisfied employees stimulate a chain of positive actions which end in improved organisational performance (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994). The correlation between employee performance and employee satisfaction might be rather subtle (Nagar & Rajan, 2005), but stems from the outcomesof satisfied employees such as loyalty and dedication. Such employees may serve as valuable, scarce and inimitable resources, enhancing the profitability of an organisation resulting from performance (Lee & Miller, 1999). Employees' satisfaction sentiments become important as they determine collaborative effort. Satisfaction, as discussed earlier, has an impact on co-workers and teams working towards the same goal as they would in the financial services environment. Collaborative effort directed towards the organisation's goals is necessary for the achievement of organisational objectives in which team work comes into play (Sageer, Rafat, & Agarwal, 2012).

The financial services environment comprises teams in which productivity is measured on income that has been collected from debtors according to set

targets. It is driven by targets ensure profitability for the organisation. The collaborative input from employees needs to be positive in order to promote the correct attitude towards given duties. Dedication is also required. These dimensions come from employee satisfaction. This is a key tool to drive employees, and satisfied employeesare easily motivated in such an environment.Collaboration as a key factor can easily be distributed in a team, if the team players are satisfied. Employees who feel a sense of team work and common purpose, a strong commitment to communication, and managerial encouragement are most able to drive productivity in their teams, and this type of collaboration is encompassed by satisfied employees (Sageer, Rafat, & Agarwal, 2012). Satisfied employees are productive workers –hence organisational productivity and efficiency are achieved through employee satisfaction and attention to employees' physical and socio-emotional needs (Sageer et al., 2012). Organisational profitability has a positive relationship with employee satisfaction. Employee satisfaction plays a considerable role in enhancing profitability and improving the operational performance of organisations and improvingthe quality of services (Naseem, Sheikh, & Malik, 2011).

3.5.2 The effect of employee satisfaction on customer satisfaction

Customer satisfaction is heavily influenced by customer perceptions of the value of the services they receive (Sageer, Rafat, & Agarwal, 2012). Value is created by satisfied, loyal and productive employees, which is applicable in the financial services environment. Satisfied employees generate customer satisfaction by excellence in performance that leads to organisational success, which results in financial profits (Naseem, Sheikh, & Malik, 2011). Even though employee productivity and/or performance may not always be clear, there is a direct correlation between employee satisfaction and customer satisfaction. Employee satisfaction contains basic, excitement and performance factors. These basic factors are the minimum requirements that cause dissatisfaction, whereas excitement factors increase customer satisfaction and performance factors result in satisfaction only when performance is high (Naseem, Sheikh, &

Malik, 2011). Satisfaction of customers is necessary for a successful organisation, but the value of employee satisfaction is that it achieves the vision and mission (Banker, Konstans, & Mashruwala, 2000). Vision and mission may be customer oriented, which means that a satisfied employee can satisfy a customer (Johnson, 1996).

Because performance in the financial services is determined by financial gain, there is a direct correlation between financial performance and customer satisfaction, and an indirect correlation with employee satisfaction, which stems from customer satisfaction. There is a direct relationship between customer satisfaction and employee satisfaction (Naseem, Sheikh, & Malik, 2011). The correlation between employee satisfaction and financial performance may not be evident because it is mediated by customer satisfaction, and because customer satisfaction is determined by employee satisfaction, it is important to determine the influences affecting customer satisfaction. Below are statements identified by Bulgerella (2005), explaining the influence:

- Employees who interact with customers are in a position to develop awareness of and respond to customer goals.

- Satisfied employees are motivated employees, and they have the motivational resources to deliver adequate effort and care.

- Satisfied employees are empowered employees, and they have the resources, training and responsibilities to understand and serve customer needs and demands.

- Satisfied employees have high energy and willingness to render effective service at a very minimum, and they can deliver a more positive perception of the product provided.

- Satisfied employees can provide customers with interpersonal sensibility and social account.

Seo and Yoon (2000) have identified three organisational antecedents of employee satisfaction and customer service, which include perceived supervisory support. The latter is the extent to which supervisors develop a climate of trust, helpfulness and friendliness. High perceived supervisory support implies that important socio-emotional resources are immediately available in the work environment (Seo & Yoon, 2000). Another antecedent that may be driven by leaders is perceived organisational support, which is the extent to which employees perceive that the organisation values their contribution and cares about their well-being.

It can clearly be seen how employee satisfaction is a common denominator playing a role in overall employee performance. Employee satisfaction plays a role in various dimensions that lead to the achieving the overall objective, even if often there is no direct correlation, it affects satisfaction levels generally. According to Branham (2005), Gallup studies show that businesses with higher employee satisfaction also have the following:

- high customer ratings,
- greater success in lowering turnover,
- higher profitability, and
- better safety records.

3.6 OUTCOMES OF EMPLOYEE DISSATISFACTION

Employee satisfaction is essential to the success of any business (Gregory, 2011, p. 29). Contrary to organisational success, employee dissatisfaction results have negative outcomes such as employee turnover. A high rate of employee contentedness is directly related to a lower turnover rate. Hence keeping employees satisfied is a major priority that leaders have to consider as

representatives of an employer. In more favourable job markets, that is, markets in which it may be much easier to move around (financial services being one of them), dissatisfied employees are likely to leave undesirable work situations and move on to what they perceive will be more satisfying to them (Vangel, 2011). Those in unfavourable markets tend to find themselves with the same employer, thus remaining dissatisfied. This has consequences for the roles they play. It should, however, be noted that even in favourable markets, there will always be employees who are unable to move on and remain dissatisfied with the same employer. Various negative outcomes arise from dissatisfaction, and below its consequences are analysed, starting with the already mentioned employee turnover.

3.6.1 Employee turnover

In any organisation, turnover has a negative impact. The rate of employee turnover may be alarming and leave an organisation with a significant cost as its human capital investment is lost. Turnover means that employers must spend a substantial amount on recruiting new employees, going through the hiring process, which may be time consuming, and also have to train new employees, which has a substantial cost implication to it (Gregory, 2011). Employee turnover not only entails voluntary turnover where an employee decides to leave or resigns, but also involuntary turnover, where employeesare dissatisfied in their jobs and display negative job behaviours that may cause dismissal.

Bargraim, Potgieter, Schultz, Viede, and Werner (2003) support the notion of employee dissatisfaction leading to employee turnover. Employees terminate their contracts with an employer or actively seek employment while working for the same employer when they are dissatisfied. Employees are driven to leave their employment because of something that may contribute to their dissatisfaction. Such reasons may be the influences contributing to job satisfaction, for example, if employees are dissatisfied with remuneration or the

management style in the organisation, they will likely seek an opportunity to satisfy their needs which leads them to leave in the first place (Luthans, 2008). That is, needs that are not met, that influence job satisfaction, may drive an employee to leave an organisation in an attempt to satisfy that need.

3.6.2 Irregular behaviour

The effect of dissatisfaction that results in an employee's withdrawal from his or her job can begin as mild, and slowly become severe. Tardiness in showing up for work and coming back from breaks, and showing a lack of interest (Gregory, 2011), may begin as minor, but then lead to increased absenteeism. Some other irregular behaviour may include taking care of personal matters while at work, playing games, engaging in nonwork-related talk, spending time on social networks and diminishing job performance, which all mean that employees withdraw from work tasks. These withdrawal behaviours as evidence of dissatisfied employees may lead them to leaving the workplace through absconding or resigning. The heuristic model maintains that thinking of quitting is the most probable outcome of dissatisfaction (Koslowsky & Krausz, 2002). Job dissatisfaction also causes irregular behaviour which can lead to dismissal.

3.6.3 Loyalty, commitment and neglect

Loyalty in this context is behaviour by employees to support the organisation. It is also on attitude that employees has towards an organisation that will lead to them not leaving , but rather resolving whatever issues they may have with the employer (Vangel, 2011). Vangel (2011) further explains that loyalty does not typically mean a reluctance to leave but is rather a commitment to further enhance the welfare of an organisation, through change. Commitment means the additional effort employees make towards their duties and can also be seen in behaviour such as arriving early for work and leaving late (Vangel, 2011).

Employee dissatisfaction leaves them disloyal, which leads to turnover or even "bad mouthing" of the organisation. Lack of commitment leads employeesto do the bare minimum and exhibiting irregular behaviour. Neglect is described as a lax and disdainful behaviour among workers (Farrell, 1983). Neglect differs from loyalty in that it is not derived from the hope of recovery; instead there is an implicit acceptance that recovery is not plausible (Withey & Cooper, 1989). Neglect is seen in a work environment when an employee exhibits reduced interest or effort, increased lateness, or absenteeism, increased errors or uses company time for personal business similar to irregular behaviour (Farrell, 1983). Commitment and neglect can be exceedingly passive and will lead to reduced interest or effort. This supports the idea that both of these factors may lead to the concept of silence, which is the act of intentionally withholding ideas, information and options which could lead to improvements in an organisation (Van Dyne, 2003). Neglect causes a lot of work output errors because concentration effort is impeded.

These consequences are also evident in a lack of appropriate leadership. Leaders should drive employee satisfaction by ensuring that a constant and stable workforce is present for the fulfilment of organisational goals. Employee satisfaction becomes the base for employee performance and all influences and factors pertaining to employee satisfaction are functions that are held by leaders. The financial services industry has a lot of external stressors, mentioned previously, and to ensure that such stressors are managed; leaders should ensure that employees are prepared to support the overall organisational objective. Satisfied employeesare happy employees, and will determine how they contribute to organisations' objectives. Effort is everything and employees will make the effort if they are fulfilled in their roles.

3.7 CHAPTER SUMMARY

In this chapter it is evident that of all the contributors, employee satisfaction is the most important for driving an organisation in the desired direction.

Employee satisfaction becomes a vital tool if it can be transformed into an overall object for the organisation. In every organisation, all attributes that are considered should lead to better performance. It was noted that employee satisfaction is a contributor to employee performance. The next chapter focuses on employee performance and its contributors.

CHAPTER 4: EMPLOYEE PERFORMANCE

4.1 INTRODUCTION

Employee performance is the overall desired state that organisations seek to reach after all the necessary measures have been put in place. In chapters 2 and 3, leadership and employee satisfaction were the two important factors that were discussed. The significance of these factors is substantiated by the desired state, which is employee performance. In this chapter, employee performance is explained and the literature review focuses on factors that play a role, applicable models and the importance of employee performance.

4.2 WHAT IS MEANT BY EMPLOYEE PERFORMANCE?

In the current business environment, it is essential to increase competitiveness, improve service levels and reduce costs. Achieving this, requires a collaboration of both management's strategic input in designing and facilitating objectives and employees' input in the desired effort to implement and achieve objectives (Sanderson, Blain,& Harshak, 2009). Employee performance has various definitions. Abbasi and Alvi (2013) define it as the process that supports the organisational control system by linking the work of each individual employee or manager to the overall mission of the work unit. Employee performance becomes the main predictor of the organisation's effectiveness in enhancing overall productivity. This implies that it makes up the overall organisational performance. Stakeholders and owners of organisations equate performance with share price improvements and dividend payments or their share of profit (Shields, 2007). Although employee performance is equated to organisational performance and effectiveness, in this research, employee performance was seen independently as contributing to organisational performance. This refers to how organisational performance is dependent on employee performance.

This study focused on employee performance as a contributor to overall organisational performance, and as such it is a multidimensional concept because it has various dimensions (Spychala, 2010). One of the basic levels for explaining employee performance is by distinguishing it as process and outcome aspects. The process aspect refers to the steps, behaviour and procedures individuals display when completing various tasks.The outcome aspect refers to the specific behaviour, processes and procedures required to complete a task (Spychala, 2010, p. 427). Employee performance is therefore determined by the congruency between the process aspect and the outcome aspect.

Employee performance is not only determined by the congruency of the process and outcome aspects, but also by distinguishing between effectiveness and productivity. Effectiveness refers to the evaluations of the results of performance, while productivity is the ratio between effectiveness and the cost of attaining the outcome. Motowidlo and Schmit (1999) went further to identify and differentiate between various performance dimensions, namely the task performance and contextual performance dimensions. The task performance dimension is defined as a person's contribution to organisational performance, which is a key performance area that is achieved and required by an employee (Williams & Karau, 1991). Contextual performance includes key performance areas that do not directly contribute to organisational performance but support the organisational, social and psychological environment (Parker, Williams & Turner, 2006). Contextual performance involves going beyond what is required of a role. In differentiating between the two, Motowidlo and Schmit (1999) identified the following characteristics for contextual and task performance:

- Contextual performance activities are comparable for almost all jobs, whereas task performance is job specific.
- Task performance is predicted mainly by ability, whereas contextual performance is mainly predicted by motivation and personality.

- Task performance is in-role behaviour and part of the formal jobdescription, whereas contextual performance is extra-role behaviour and discretionary and often not rewarded by formal reward systems or directly or indirectly considered by management.

In conclusion, to clearly define employee performance, the definition used hererefers to an employees' behaviour in being able to complete given tasks. It is the adherence by individuals to what is expected of them in given roles and also going beyond what is expected within those particular roles.

4.3 FACTORS THAT PLAY A ROLE IN EMPLOYEE PERFORMANCE

Employee performance is considered as the measure of the quality of human capital which is held by an organisation (Salleh, Yaakub, Dzulkifli 2011, p. 31). When obtaining quality human capital, there are a lot of factors that play a role, contributing to overall employee performance. These factors are discussed below.

4.3.1 Income

The first factor identified is the income, which refers to employees being rewarded for the effort they put into their work. Nowadays, performance-related income is a common type of pay system used in organisations (Boon, Fern, Sze, & Yean, 2012). This is a system that links performance to how much an employee earns. Systems such as commissions and incentive programmes are used in the financial services environment. These income systems link financial targets set for an employee to meet and the income they receive. This means that employees have more control over how much they earn.

Helm, Holladay, and Tortorella (2007) state that although many organisations implement pay-for-performance programmes, few of them identify and indicate the goals of their performance management system, align these goals with

organisational strategic plans or even evaluate the conditions or process of accomplishing the goals to see whether or not they are achieved. Organisations should be able to identify their organisational objectives and then be able to break them down to individual objectives which should be communicated and understood by employees.

Employees should know what their performance measures are and what sort of behaviour is required to meet performance standards. Income should then be aligned with performance standards. In the financial services environment, there is a clear link between performance and income, through an incentive/commission programme. It is necessary to have an income-performance link which is meaningful and complements outstanding performance of employees, because they will not take the programme seriously if financial rewards are not provided in a meaningful way (Trahant& Yearout, 2005). An income-performance system also provides immediate feedback to employees, motivating them to enhance their performance and productivity. Immediate feedback is considered one of the top motivation factors for employees (Mujtaba& Shuaib, 2010). It should, however, be noted that income does not necessarily mean monetary rewards earned by an employee but also basic security measures such as a medical aid and provident fund, which are not performance related and cannot be directly linked to performance.

4.3.2 The quality of leadership

It has been said that an inspirational and inclusive leader spawns acolytes for whom any challenge is surmountable (Armstrong & Murlis, 2004, p. 15). The role of a leader can never be underestimated as a relational reward, where followers benefit from guidance from theirleader (Van der Merwe, 2008). Grant and Hagberg (1996) identified the following three dimensions of leadership contributing to its quality:

- being an inspiring evangelist with vision,
- managing implementation, and

- building relationships with subordinates.

They also identified the following eight characteristics of successful leadership:

- integrity, maturity and energy,
- business acumen,
- people acumen,
- curiosity, intellectual capacity and global mindset,
- superior judgement,
- an inspiring appetite for accomplishments and results, and
- powerful motivation to grow and convert learning into practice.

Through the eight characteristics, it becomes evident that leaders are not only influential, but also experts in their relevant field. They are also motivators and experts in their subject matter. They show constant drive to followers and influence them towards goals that benefit them and make them excellent incumbents in their specific fields. Grant and Hagberg (1996) identified that a lack of such leadership dimensions and characteristics leads to failure simply because of the lack of skill in developing talent and failure to create an environment conducive to high levels of energy and drive that motivate high-level performance.

Ten leadership propositions have been identified that play a role in leadership successes when driving performance. These propositions are listed in table 4.1 below.

Table 4.1

Ten Leadership Propositions

Proposition	Description
1	Effectiveness in emphasising results both through management by objectives and processes.
2	Understand that leadership is a mindset, and a pattern of behaviours. It makes a habit of a new way of thinking and a new way of acting.
3	Be prepared to make up and to change your perceptions and concepts radically (transformation, conversion) with respect to human potential and to cultures (corporate, ethics and national).
4	Lead by teaching leadership by empowering (releasing people's volcanic energy and creativity) by fostering autonomy, providing direction and leading support.
5	Faith that leadership can be learned and that it can be taught.
6	Know that a leadership mind can hold opposing ideas and contradictory feeling at the same time. It can achieve comfort with the tensions of ambiguity, polarity and uncertainty.
7	Be a leader in all six areas of life: work, family, self, ecological responsibility, social responsibility and financial strength.
8	Inform your products and services with a leadership teaching component. You do not sell a product or service; you help your customers buy leadership in their affairs.
9	Use both reasons or models and instincts or intuition.
10	Expect leadership to lead you and your organisation to a higher state of health.

Source: Koestenbaum (2003, p. 23-26)

In conclusion, leaders exist to get things done through people, ensuring that tasks are achieved and strategies delivered, but they also build and maintain supportive and constructive relationships between themselves and the

employees in their team (Armstrong & Murlis, 2004, p. 15). They are also there to motivate employees and to improve their performance by ensuring recognition through effective feedback, providing a means for performing duties and for development and learning, and lastly, rewarding performance (Van der Merwe, 2008).

4.3.3 The organisation itself and the work environment

The section focuses on the daily physical work environment and organisational values, behaviours and reputation, which govern the work environment.

4.3.3.1 The work environment

According to Vischer (2007), various aspects that have to do with ergonomics play a role in the physical setting of the work environment that individuals and teams use to conduct their everyday duties and these drive performance. An effective work environment that is positive and supportive enables employees to work comfortably; and makes them willing to give their full commitment and contribution, performing their assigned tasks (Boon, Fern, Sze & Yean, 2012, p. 664). A supportive work environment promotes and determines satisfaction and performance levels enhancing the attention, energy, commitment and contribution of employees towards the organisation.

4.3.3.2 Organisational values, behaviours and reputation

Values and behaviours play a major role in the type of setting of an organisation thus driving performance. Sustaining performance and flexibility are two factors identified by Armstrong and Murlis (2002) who found that positive attitudes towards policies and practices lead to higher levels of satisfaction, motivation and commitment and operational performance. The process of driving values and behaviours starts at the beginning where organisational values and behaviours are first communicated and then maintained among staff. Current employees then pass these values and

behaviours on to new employees. In terms of reputation, there is a link between a high performance organisation and employees seeking to join that organisation to perform at an optimal level. Armstrong and Murlis (2002, p. 15-16) have identified is a certain status involved with working for an employer of choice and a certain pride is maintained with whatever reputation the organisation has established. The need for employees to maintain this pride goes hand in handwith performance.

4.3.4 Recognition and room for learning and development

Even though recognition is loosely linked to compensation, in the modern work market, employees work for much more than just income (Avolio, 2007). Employees want to be recognised for their efforts in that flexible, customised plans, carefully aligned with the strategic goals, promote long-term increases in workforce satisfaction and corporate profitability (Van der Merwe, 2008). Employees want to be identified for their performance, not only for compensation purposes but also future strategies of the organisation.

In terms of learning and development, Songe et al. (1999) identify learning as a continuous testing of experience and the transformation of that experience into knowledge accessible to the entire organisation that aligns employees' needs to core relevance and strategies for the organisation. Employees seek to be recognised and developed to not only keep current duties, but also advance to higher roles that are challenging and where they can better prove their performance. Robbins (2003, p. 497) believes that the organisation has certain responsibilities pertaining to career advancement opportunities considering the essence of progressive career development to build on providing support for employees to continually add to their skills, abilities and knowledge, which is linked to learning and development.

Additional factors can be identified under influences pertaining to employee satisfaction above and can be seen as key role players that assist in the development and maintenance of employee performance.

4.4 MODELS OF EMPLOYEE PERFORMANCE

In this section, various models that promote an understanding of the entire concept of employee performance are discussed in order to establish how employee performance contributes to overall organisational performance and also how various contributors lead to employee performance.

4.4.1 The employee performance model

The model below was identified by Shields (2007, p. 21):
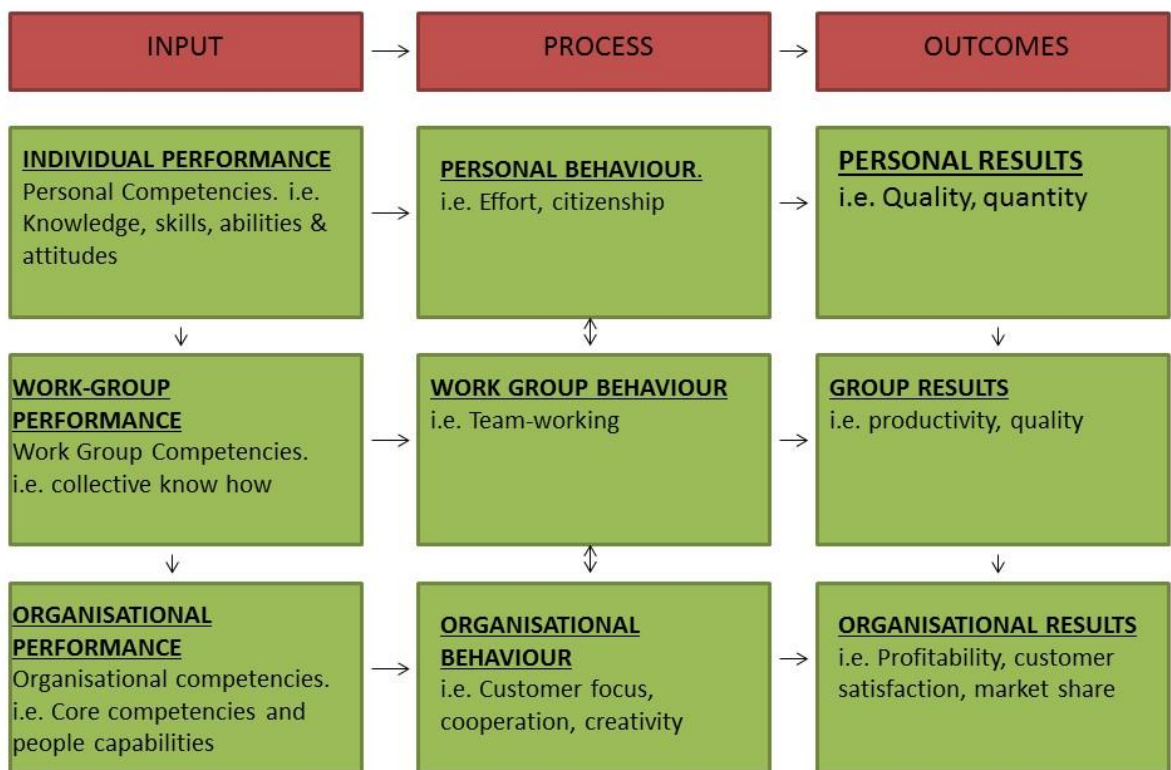
Figure 4.1. Employee Performance Model (Shields, 2007, p.21)

According to Shields (2007, p. 27), the following is evident in the model:

- Performance is not merely an individual phenomenon, because figure 4.1 indicates that it also has group and organisational dimensions, which all have inputs, processes and outputs that operate congruently with the individual level.

- Performance can be thought of as having three horizontal (or sequential) dimensions and three vertical dimensions.

- A team or a work group might contribute to a level of collective know-how (input), engage in cooperative team-working (behaviour process) and achieve a certain level of group productivity (result).

- At the organisational level, inputs include the collective know-how, productive capabilities, cultural values and work attitudes of the entire workforce. Processes include collective behaviour such as cooperation, creativity and customer focus and results include outcomes such as corporate profitability, market share and customer satisfaction.

It is also evident in this model that individual performance influences group work performance which then leads to organisational performance. It is evident that all performance stems from individual performance.

4.4.2 Models of dimensions contributing to employee performance

Several studies in the literature have identified five major practices that affect employee performance, as highlightedinthe model below.
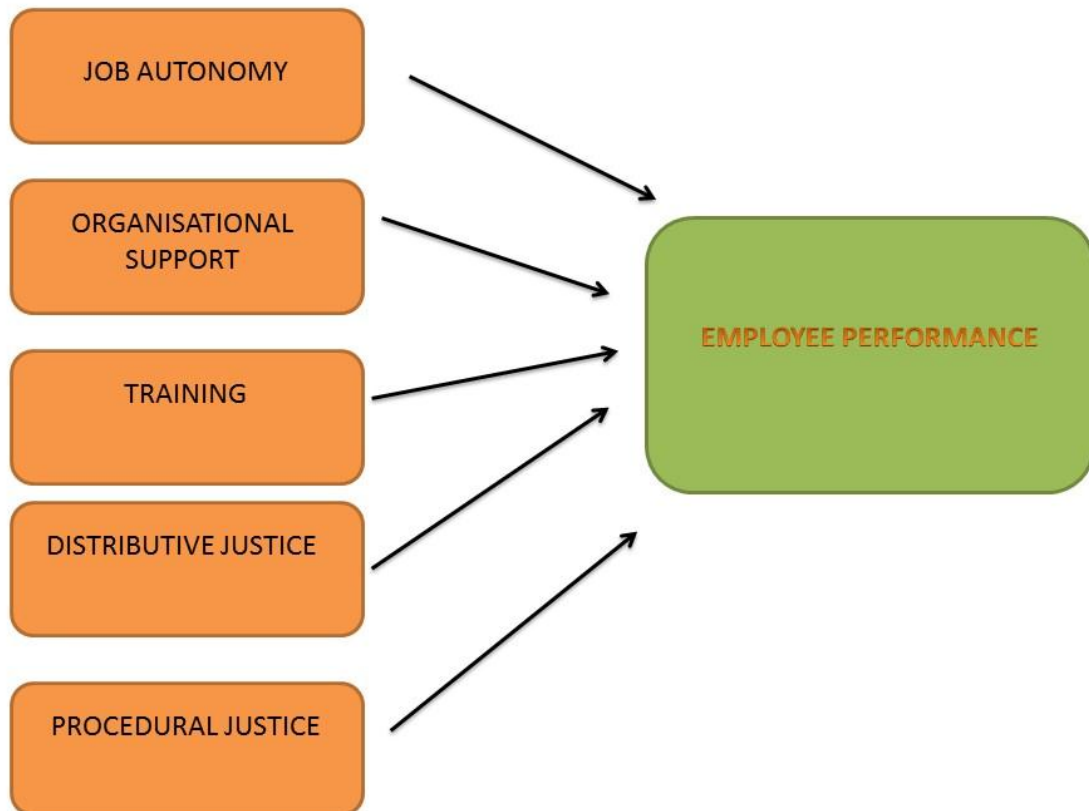
Figure 4.2. The impact of 360 degree feedback on management skill development (Hazucha, Hazlett & Schneider, 1993, p. 325-351)

The above major practices affecting employee performance can be seen to contribute to employee performance through the following:

- **Job autonomy**has become a critical antecedent for many positive work outcomes. Langfred and Moye (2004) discovered how job autonomy has an impact on employee performance. Job autonomy enhances performance because workers with high job autonomy perceive that they are trusted to perform the task and this perception positively effects their motivation and effectiveness (Saragih, 2011). Job autonomy allows individuals to limit their exposure to stressors and enables them choose their task or allowsthem to limit the more stressful tasks, thereby reducing feelings of threat and encouraging positive coping behaviours (Elsass & Veiga, 1997).

- Employees are generally more concerned with the **organisation's commitment** to them. Being valued by the organisation can yield benefits such as approval, respect, growth and assistance in any manner that can empower employees to enhance their performance (Rhoades & Eisenberger, 2002). When the employer treats an employee with respect, the reciprocity norm obliges the return of favourable treatment. The extent to which both the employer and employee apply the reciprocity norm to their relationship means that favourable treatment received by either party is reciprocated, leading to beneficial outcomes for both (Rhoades & Eisenberger, 2002).

- Employee **training** plays a vital role in improving performance and increasing productivity (Nassazi, 2013). This in turn leads to placing organisations in better positions to face competition and stay competitive. The existing literature presents evidence of the existence of obvious effects of training and development on employee performance. Wright and Geroy (2001) note that employee competencies change through effective training programmes, not only improving overall performance of employees to effectively perform their current jobs, but also enhancing the knowledge and skills, of, and attitude towards the work necessary for the future job, thus contributing to superior organisational performance. Training has been proven to generate performance improvement-related benefits for the employee as well as for the organisation by positively influencing employee performance through the development of employee knowledge, skills, ability, competencies and behaviour (Appiah, 2010).

- **Distributive justice** in theory is characterised as fairness in the distribution of resources and decision outcomes (Usmani & Jamal, 2013). Fernandes and Awamleh (2006) state that distributive justice refers to the concerns expressed by employees about the distribution of resources and outcomes. According to Suliman (2007), distributive justice is concerned with employee satisfaction with work outcomes which will lead to organisational effectiveness. Employee perceptions of distributive justice are based largely on the comparison with others that is inevitable in the workplace.

- Korsgaard and Roberson (1995) define **procedural justice** as the perceived fairness of the procedures used to make allocation decisions. Fernandes and Awamleh (2006) posit that these procedures should be constant, bias free and take into account the concerns of all parties and be widely acceptable.

Employee development is becoming a critical and strategic imperative for organisations in the current business environment and contributes to overall organisational performance with the basis of employee performance (Sheri-Lynene & Parbudyal, 2007). The model below indicates variables of employee development that affect employee performance.
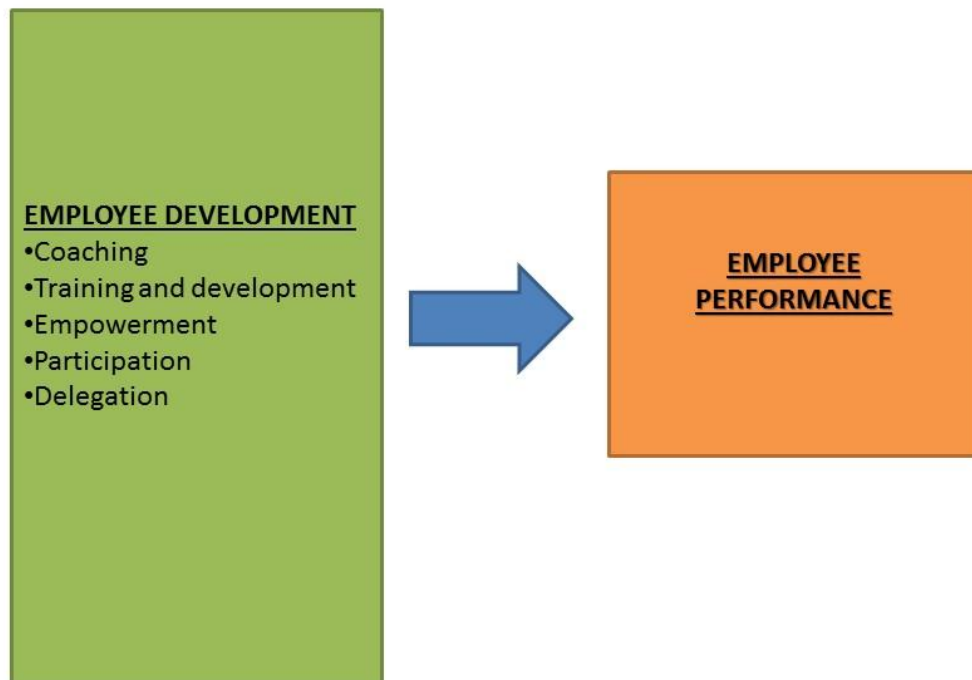
Figure 4.3. Five Variables of Employee Development Affecting Employee Performance (Hamed & Waleed, 2011, p. 227)

Based on the employee development model above, the variables identified are (Hamed & Waleed, 2011, p. 227):

- **Coaching.** Individuals are allowed to take responsibility. They are treated as partners to achieve personal and organisational goals, and as goals are achieved, performance is enhanced (Agarwal, Angst & Magni, 2006).

- **Training and development**. Training results in a permanent change in behaviour, whereas development is a long-term process.

- **Empowerment**. Empowerment means increasing the capacity of the employee and also provides freedom of work which will build confidence among employees.

- **Participation**. Allowing employees to participate in organisational policies and decision making can enhanceemployee performance.

- **Delegation**. If managers delegate activities to employees to perform tasks, this may also improve their performance. Employees will do theseactivities more easily and this leads to achievement of organisational goals and thus enhances organisational performance.

4.5 THE IMPORTANCE OF MEASURING AND MANAGING EMPLOYEE PERFORMANCE

Various organisations use different measures to assess employee performance. This process entails measuring employee behaviour based on the required behaviour of a specific role or task. Validsets of measures assist in identifying operating strengths and weaknesses, target areas of improvement and recognise improvement when it matters. According to theHandbook for measuring employee performance (2011), measuring performance involves the following:

- **Planning work and setting expectations**. This entails setting performance expectations and goals for individuals to channel their efforts towards achieving organisational objectives.

- **Continually monitoring performance**. This means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress towards attaining their goals.

- **Developing capacity to perform**. This entails increasing the capacity to perform through training, giving assignments that introduce new skills or higher level of responsibility, and improving work processes or other methods.

- **Periodically rating performance in a summary fashion**. This relates to evaluating employee or group performance against the elements and standards in an employee's performance plan and assigning a summary rating of records.

In order to be aware of how well an organisation is doing, it becomes imperative to manage employee performance. This is required not only from a human capital perspective, as indicated above, but also from an operational perspective for building and sustaining a competitive advantage (Morgan & Schiemann, 1999). The importance of managing and measuring performance from an operational perspective as a need to improve the operational perspective is not only quantitative but also qualitative. (Ammons, 2001). Such improvement in productivity occurs when the ratio of outputs is increased with output considered in both quantitative and qualitative sense (Ammons, 2001).

There is much reason to consider the importance of measuring performance, but then it becomes necessary to know what is being measured. Van Voorhees (2011) designedthe following five-step process in identifying and measuring performance in organisations:

- **Step 1: Defining the value of every position**. The first step is understanding every role and what kind of value it brings to the organisation. In some positions it may be quantitative, such as measuring environments in terms of where value stems from using revenue targets, and in others less quantitative, but

concrete deliverables and key behaviours that benefit the environment are identifiable.

- **Step 2: Establishing realistic, measurable objectives**. The next step is to define the manner in which each position adds value by establishing performance parameters. Setting realistic objectives is actually recognising that no employee is 100% productive all the time, as many roles require time for collaborating with others, taking care of administrative tasks and simply clearing one's head.Hencein most jobs, a more reasonable productivity level would be 75% percent, applying to a typical eight-hour day.

- **Step 3: Creating and using measurement tools**. Once measurable objectives for each role have been identified, one needs to monitor them on a regular basis, depending on the role. Some can be done through routine observations and interaction with teams, but in many cases it is useful to have automated tools that track performance such as financial systems.

- **Step 4: Getting everyone on board**. Allowing employees to work without performance means that one is not holding them truly accountable for their contribution to the organisation, and it becomes important to communicate performance measures and how such measures are rated and those roles that are not to quantitative.

- **Step 5: Connecting measurement standards to company goals**. The last step is to ensure that the employee measurement standards are consistent with one'soverall organisational goals.

Performance elements inform employees what they have to do and how well they have to do it.Ensuring that the elements are measurable, attainable, fair and challenging is vital to the effectiveness of performance management. Ensuring that measures are maintained drives employee performance in knowing what is expected of them (Anon., 2011).

4.6 CHAPTER SUMMARY

This chapter highlighted the fact that the role of all factorsthat drive performance is important. Many factors contribute towards this performance and ultimately benefit organisational objectives at the end. The discussion emphasised that it is imperative for an organisation to see the reason to implement various measures. Leadership is one of the measures that ensures that a monetary benefit is present at the end. All measures are driven by means of leadership. In the next chapter the links between leadership approaches employee satisfaction and employee performance are explained.

CHAPTER 5: THE IMPACT OF LEADERSHIP STYLES ON EMPLOYEE SATISFACTION AND PERFORMANCE

5.1 INTRODUCTION

In the previous chapters, the constructs of leadership, employee performance and employee satisfaction were theoretically conceptualised. The focus of this chapter is to describe the theoretical relationship or association between leadership, employee satisfaction and performance.

5.2 THE IMPACT OF CHARISMATIC LEADERSHIP ON EMPLOYEE SATISFACTION AND PERFORMANCE

Leadership is determined by different behaviour which is then determined by a particular leadership approach. The purpose of this description is to focus on each leadership approach's impact on employee satisfaction and performance.

Waldman, Ramirez, House, and Puranam (2001) define the charismatic leadership approach as the relationship between an individual and one or more followers based on leader behaviours combined with favourable attributes on the part of the followers. With regard to the impact of this approach on employee satisfaction and performance, Bateman and Crant (1993) discovered that a proactive personality is positively associated with supervisors' independent ratings of charismatic leadership and is positively related to participants' most significant personal achievements. Employees become satisfied with their work as personal goals and objectives are met. Employee satisfaction influences organisational commitment, and charismatic leadership is said to have the highest commitment on behalf of the leader and followers with regard to having a common vision, mission and goals (Zehir, Erdogan & Basar, 2011, p. 52). Hence it is evident that charismatic leadership is linked to favouritism by followers in a leader's personality traits and behaviour in impacting employee satisfaction. This drives subordinates to perform because

they are satisfied with the way they are being led and the objective and direction being taken by their leader.

According to Baeza, Lao, Meneses and Romá (2009), charisma has significant implications for an effective team climate, which is a climate conducive to an effective drive towards a particular goal. The reasons for this are as follows:

- Charismatic leaders tend to be more engaging and emotionally expressive.

- They tend to paint a positive, optimistic view of the future (Bono & Ilies, 2006).

- They tend to attend, interpret and integrate information in a positive manner (Ashkanasy & Tse, 2000).

- They have a privileged position in the power hierarchy from which to transmit their positive views (Fredrickson, 2003).

Charismatic leaders seem to drive performance and employee satisfaction by positively interpreting the vision, mission and objective that need to be met. Employees as followers do not benefit tangibly from the achievements stemming from their performance, but they follow charismatic leaders because of the qualities their leaders have, and also because of to their belief in their leaders. They therefore perform better because their leader is able to influence performance positively.

Loyalty also improves performance levels (Bechtold, 2004), and as followers associate themselves with a charismatic leader, loyalty to such a leader is associated with the qualities the individual perceives in the leader. A charismatic leader attracts such loyalty through a strong role model figure that demonstrates competence, confidence, articulates goals and communicates high expectations that followers relate to and want to achieve (Northhouse,

2004). As followers loyally associate themselves with the leader, whatever objective is set and in whatever manner it is communicated, they are driven to achieve the objective in way the leader desires. This implies that because loyalty levels are high, the objective at hand will be achieved.

Charismatic leaders are able to communicate positively the objectives that need to be met, and this raises the satisfaction levels of employees. The important role in motivating a workforce is to deliver high levels of performance discretionary effort and contribution (Judge & Piccolo, 2004). The role of charismatic leaders is to motivate followers to reach the desired satisfaction levels in order to drive performance. Shamir, House and Arthur (1993, pp. 582–584) suggest that charismatic leaders motivate employees in the following manner:

- **Increasing the intrinsic valence of effort.** Charismatic leadership is assumed to strengthen followers' belief in the necessity and propriety of being recognised. The intrinsic valence of the effort may also be increased by making participation in the effort an expression of a collective identity, thus making the effort more meaningful for the follower. Charismatic leaders also use existing identities and emphasise their uniqueness or superiority, or even create new desirable social categories for the followers. It should also be noted that once followers choose to make the effort, and through that effort, they identify themselves with certain values of the leader and the collective. Hence they are subject to considerable social and psychological forces that are likely to increase their commitment to that effort.

- **Increasing effort-accomplishment expectancies**. Charismatic leaders increase effort-accomplishment expectancies by enhancing the followers' self-esteem and self-worth. They enhance self-esteem by exposing high expectations of the followers and confidence of the followers' ability to meet such expectations (Eden, 1990). In so doing, they enhance followers' perceived self-efficacy, defined as a judgement of one's capability to accomplish a certain level of performance. Charismatic leaders also increase followers' self-worth by

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emphasising the relationships between efforts and significant values. Followers then develop a general sense of self-worth by emphasising the relationship between effort and important values. A general sense of self-worth increases general self-efficacy; and a sense of moral creativeness is a source of strength and confidence. Another aspect of charismatic leadership is that it is likely to increase effort-accomplishment expectations and its emphasis on collective efficacy.

- **Increasing the intrinsic valence of goal accomplishment.** Articulation of a vision and a mission by charismatic leaders presents goals in terms of the values they represent. Doing so facilitates action orientation towards the accomplishment of these goals, which is more meaningful to the follower in the sense of being consistent with his or her self-concept. Charismatic leadership also increases the meaningfulness of goals and related actions by showing followers how these goals are consistent with the collective past and the future, thus creating the sense of "evolving", which is central to self-consistency and sense of meaningfulness.

- **Instilling faith in a better future.** The rewards involved in the charismatic leadership process involve self-expression, self-efficacy, self-worth and self-consistency, which emerge from a process that cannot be exchanged. In most cases, charismatic leadership de-emphasises extrinsic rewards and their related exceptions in order to emphasise the intrinsic aspect of the effort. Refraining from providing pragmatic extrinsic justification for the required behaviour increases the chances that followers will attribute their behaviour to internal self-related causes and thus adds to followers' commitment to the cause of action.

- **Creating personal commitment.** Another important aspect of charismatic motivational influence is the creation of a high level of commitment on the part of the leader and the followers to a common vision, mission or transcendent goal. Commitment in the context of charismatic leadership refers to

unconditional commitment, internalised "personal" or "moral" commitments. This is a motivational disposition to continue in a relationship, a role or a course of action and to invest efforts, regardless of the balance of external costs and benefits and their immediate rectifying prospective.

In conclusion, charismatic leadership tends to have an impact on the intrinsic needs of a follower and influences satisfaction and performance levels. Through positive communication and influences, followers are deemed to perform at optimal levels in pleasing the leader whom they adhere and relate to. They are pleased with the way such a charismatic leader motivates and drives them to perform and they feel compelled to perform at such levels because it satisfies their intrinsic satisfiers.

5.3 THE IMPACT OF TRANSACTIONAL LEADERSHIP ON EMPLOYEE SATISFACTION AND PERFORMANCE

Transactional leadership in this study was conceptualised as a leader who is good at identification of followers' needs and aspirations. It demonstrates the ways in which a leader is able to fulfil the needs in exchange for performance of followers (Jung, 2000). Transactional leadership can either have a positive or negative impact on employee satisfaction and performance.

In terms of the positive impact of transactional leadership, leaders are able to accommodate the interests of their subordinates by giving contingent incentives, honour and promises to those who auspiciously succeed in fulfilling the commitments of the leaders or the organisations (Bass, 2000). For those employees who directly link satisfaction to tangible rewards, there is a direct impact in level of performance and employee satisfaction where by the more employees perform the more satisfaction they will get and the more they will fulfil their tangible needs, dependent on the rewards given. Hawell and Merenda (1999) conducted a research study on the role of transactional

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leadership in forecasting employee performance and concluded that the transactional leadership style is a positive predictor of followers' performance. Bass, Avolio, Jung and Berson (2003) also conducted a research study for a military platoon which was an organisation working in an unstable environment and proved that transactional leadership increases performance among soldiers. In the context of a financial services environment, transactional leadership has a direct impact if associated with pay for performance. Pay for performance compensation packages, commonly used in retail and other sales environments are examples of transaction exchanges that have proven to be effective in motivating employees toward higher productivity (O'Riordan &Humphreys, 2002). Thus, the positive impact of transactional leadership on employee satisfaction leads to a desired level of performance. This association derives from the relationship between performance and rewards. Rowold and Schlotz (2009) argued in their study that transactional leadership is the trade of explicit transactions, and as a result of these transactions leaders' rewards amplify the performance of their followers.

Transactional leadership can also be described through situations where leaders punish subordinates for poor performance (DeClerk, 2007). This occurs when transactional leadership rewards good performance only, and this act is a punishment for poor performers in the organisation. Such leaders pay attention to followers situations as well as projects that need to be carried out in a specific fashion, and punish poor work or negative outcomes until the problem is corrected (Odumeru& Ogobonna, 2013). This becomes a negative impact of this leadership style because it causes dissatisfaction when an employee fails to perform.

Another negative impact of transactional leadership is due to the management-by-exception which maintains the status quo, intervenes when subordinates do not meet acceptable performance levels and initiates corrective action to improve performance (Odumeru& Ogobonna, 2013). Transactional leaders are

concerned with process adherence rather than forward-thinking ideas, and dissatisfaction may arise where subordinates are told on how to conduct their duties and in which manner and are not empowered to bring in different ways of reaching the same objective. Such an approach may put an employer under pressure in order to make the employee follow the desired standards and does not support individual resource which in turn causes dissatisfaction at a certain date (Rowold & Schlotz, 2009). Failure to adhere to such given standards leads to poor performance, which then leads to dissatisfaction. Lastly the negative impact due to management-by-exception has two routes. Firstly, active management-by-exception where the leader continually looks at each subordinates performance and makes changes to the subordinates work to make corrections throughout the process (Odmuer & Ifeanyi, 2013). This causes dissatisfaction as an employee is not given an area to handle their own work because the processes are changed if an employee does not perform. The second one is passive-management-by-exception where the leaders wait for an issue to arise before fixing the problem. Hence an employee is usually uncertain when they are not performing until an unsatisfactory cause arises.

5.4 THE IMPACT OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE SATISFACTION AND PERFORMANCE

Transformational leadership is said to create valuable and positive change in followers (Paracha, Qamar, Mirza, Hassan,& Waqas, 2012). This approach focuses on enabling and converting others to help one another, look out for one another, encourage one another and pay attention towards an organisation as a whole. According to Berson, Shamir, Avolio, and Popper (2001), transformational leadership is helpful for implementing innovation in the organisation in the era of competition. Such leaders can facilitate changes by placing value on the enlargement of a vision and by encouraging subordinates to pursue that vision (Paracha, Qamar, Mirza, Hassan, & Waqas, 2012). The basis of transformational leadership is on the development and empowerment of subordinates to meet the desired objectives.

Employee satisfaction has an impact on the performance of the organisation (Cossin& Caballero 2013) and this is where transformational leaders play an active role. Transformational leadership imbues organisational tasks and jobs with meaning, ultimately increasing staff satisfaction which, in turn, can have a determinant effect on the successful performance of the organisation (Cossin & Caballero 2013). The majority of researchers have associated transformational leadership with employee performance and satisfaction, in which it is argued that transformational leadership may be the best predictor of employee performance (Raya & Palanichamy, 2011). The transformational leadership approach is linked to high task performance, higher collective support activity, greater efficiency beliefs, lower harmful effect and lower threat assessment (Lyons & Schneider, 2009) and it also provides employees with guidance towards organisational objectives (Metcalfe, 2005). The satisfaction that is derived from transformational leadership stemsnot only from individual interactions, but also from the consistency of the leader with other followers and the team as a whole (Braun, Beas, Weisweiler,& Frey, 2012). Such consistency has demonstrated that transformational leaders are motivated and committed in facilitating employee satisfaction (Givens, 2008). Transformational leadership in the new global market is growing to be a standard desired leadership style as it empowers employees to become leaders in such an environment. Employees want to prosper and develop themselves and transformational leadership satisfies the need to prosper.

The most important factor in productivity, morale and retention is the relationship between supervisors and their direct reports (Tuglan, 2004, p. 28). Bass (1997) found that high performing sales people exhibited transformational leadership qualities in order to maintain effective selling rates. Satisfaction with leaders makes employees have high performance, commitment and lower turnover (Amyx& Alford, 2005). Because employees are satisfied with transformational leaders, the leaders are able to influence the followers' performance and innovation, and thus the relationship is more significantly

associated with team cohesiveness, work unit effectiveness and organisational learning (Stashevsky & Koslowsky, 2006). Transformational leadership was positively affected by the performance of teams in a longitudinal study (Keller, 2006) and of subordinates in a cross-sectional study (Whittington, Goodwin, & Murray, 2004). Drir, Eden, Avolo, and Shamir (2002) found that transformational leadership had an indirect impact through a layer in the hierarchy on the performance of followers in an Israeli military field experiment.

In terms of employee satisfaction, transformational leaders are thought to enhance the satisfaction of their subordinates by making employees feel special and that they are called to a higher purpose (Nemanich & Keller, 2007). Prior research on the relationship between transformational leadership and satisfaction has indicated a significant positive relationship between transformational leadership and satisfaction (Berson & Linton, 2005). Through idealised influence, followers are motivated to adopt the leader's enthusiasm for conforming to the changes of a newly merged firm. Individualised consideration makes employees feel that they are valued, and that the need to understand and resolve their personal uncertainties about the integration is respected (Bass, 1998).

The impact of transformational leadership on employee satisfaction and performance occurs when staff members are empowered and receive desired support to assist in performing the tasks involved in their occupations. They are given ownership of their roles and empowered to target challenges in ways they understand. Even though rewards may not be a key factor in employee performance that may lead to employee satisfaction, employees are satisfied through personal development and they ultimately feel a drive to perform.

5.5 THE IMPACT OF AUTHENTIC LEADERSHIP ON EMPLOYEE SATISFACTION AND PERFORMANCE

The last leadership style that influences employee satisfaction and performance is authentic leadership. Authentic leadership,which was touched on earlier, is defined as owning one's personal experiences which can either be thoughts, emotions, needs, preferences or beliefs, processes captured by the injunction to know oneself and behaving in accordance with the true self (Walumbwa, Avolio, Gardner, Wersning,& Petersen, 2008). Such a leader leads others through their personal experiences. In identifying the impact that authentic leaders have on employee satisfaction and performance, McGrath (2013) identified the following characteristics that can be linked to subordinate satisfaction and performance:

- **They lead from the heart**. Business is about people and leadership is about people. Authentic leaders genuinely care about other people and spend their time developing the people around them.

- **They are courageous**. Authentic leaders are courageous in taking a direction that is morally correct even if others are resistant towards such a direction, for the purpose of doing the right thing.

- **They build teams and create communities**. One of the primary things that people are looking for in their work experiences is a sense of community, and authentic leaders create workplaces that foster human linkages and lasting friendships.

Authentic leaders not only empower and develop employees; they give them a sense of belonging and of duty. Employees' personal needs are met through a sense of actualisation where they are able to see their purpose through their leaders. Authentic leadership has a positive influence on the self-awareness and self-regulated behaviours of both leaders and followers, which stipulate

positive personal growth and self-development (Ilies, Morgeson,& Nahrgang, 2005).

Authentic leaders foster development of self-awareness and authenticity in others by offering opportunities to discover new skills, thereby fostering autonomy, competence and satisfaction with one's work (Wong & Cummings, 2009). Leaders' behaviours that are empowering and supportive have been linked to improved performance and satisfaction (Wong & Cummings, 2009). Previous studies have shown that authentic behaviours, such as fostering participation in decision making, expressing confidence in high performance and facilitating goal accomplishment, were associated with increased empowerment and work effectiveness (Laschinger, Wong, McMahon & Kaufmann, 1999), effective role performance (Hui, 1994) and decreased burnout (Greco, Laschinger,& Wong, 2006).

Work engagement is influenced by how satisfied an employee is in his or her role and also impacts on how much he or she fulfils it. It has been suggested that leadership is one of the factors contributing to employee work engagement (Harter, Schmidt, & Hayes, 2002). Authentic leaders are able to enhance the engagement and satisfaction of followers by strengthening their identification with the leader and organisation and as a result promoting hope, trust, optimism and positive emotions (Avolio, Gardner, Malumbwa, Luthans, & May, 2004). As leaders who are able to set a personal example of high moral standards of integrity, authentic leaders are expected to evoke a deeper sense of personal commitment among their followers (Emuwa, 2013). Leading by example demonstrates a leader's commitment to their work and provides guidance to subordinates about how to remain emotionally and physically connected and cognitively vigilant during work performance, and this is expected to raise levels of work engagement through observational learning (Bandura, 1997). Employees are engaged in their roles not only because they are empowered, but also because they see the same behaviour they are

empowered to follow this behaviour. Authentic leaders have followers who increasingly identify with and feel more psychologically empowered to take on greater ownership of their work (Ilies, Morgeson, & Nahrgang, 2005). The empowerment construct has been conceptualised as increased intrinsic task motivation, which manifests in the following four cognitions, reflecting the individual's orientation to his or her work role (Emuwa, 2013, p. 49):

- competence as an individual's belief in his or her capability to be effective,

- impact as the extent to which an individual can influence strategic, operational and administrative outcomes in a work environment,

- meaning, which refers to the value of work and purpose, judged in relation to an individual's own ideals or standard, and

- self-determination which refers to an individual's sense of having a choice in initiating and regulating actions.

Furthermore, through the positive modelling and direct communication, authentic leaders can assist followers to achieve authenticity and self-concordance through followers identifying their purpose and talents and developing them into strengths and empowering them to do tasks in which they have a capacity to excel (Gardner, Avolio, Luthans, May, & Walumbwa, 2005). Followers then become satisfied as they can achieve what they are truly capable of, and with such strength, employees can easily perform beyond the norm.

Walumbwa, Avolio, Gardner, Wernsing & Peterson (2008) identified supervisor-related performance, organisational citizenship behaviour, organisational commitment and follower satisfaction with supervisor as some of the outcomes accredited to authentic leadership. In addition, Avolio, Gardner, Walumbwa, Luthans, and May (2004) identified satisfaction, empowerment and task

engagement as some of the outcomes. Through empowerment and task engagement, employee performance can be enhanced in the organisation. In terms of satisfaction, it has been stated that satisfaction would be expected to be linked to authentic leadership because satisfaction is linked to behaviours associated with authentic leadership such as self-determination, high-quality relationships and morality (Deci& Ryan, 2000).

5.6 CHAPTER SUMMARY

This chapter dealt with all the leadership styles that have an impact on employee satisfaction and performance, and highlighted the fact that the basis of employee' satisfaction and their drive to perform is leadership. Any leadership style that a leader adopts will have an effect that may either drive or hinder performance. The next chapter deals with the empirical study.

CHAPTER 6: THE EMPIRICAL STUDY

6.1 INTRODUCTION

The preceding three chapters provided a theoretical overview of the literature dealing with various leadership approaches, employee satisfaction and employee performance. The literature also indicated that the leadership approaches, employee satisfaction and employee performance are also closely intertwined.This chapter reports on the empirical study fromthe initial stage where the population was identified to where a sample was selected in the financial services environment. In other words, in this chapter, the entire process of administering the assessment is discussed, explaining the assessment tools used, the population and sample selected, how the assessment was conducted and how the data was processed in preparation for analysis and interpretation. Chapter7 then focuses on the interpretation of the data.

6.2 MEASURING INSTRUMENTS SELECTED

The measuring instruments selected were guided by the variables relating to the research study. Three variables were used in this study, namely leadership approaches, job satisfaction and employee performance. The aim was to select a measuring instrument for each variable to be able to measure the required attributes. Another requirement was to select a measuring instrument that would be able to identify and explain various attributes in the sample in order to determine whether they satisfactorily represented the entire population. The following measuring instruments were used:

- a biographical questionnaire to identify personal information for the sample, such as race, gender, age, qualification, role in the organisation and hierarchy level in the organisation;

- theMultifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1990);

- theJob Satisfaction Survey (JSS) developed by Spector (1994);and

- the Individual Work Performance Questionnaire (IWPQ) developed by Koopmans et al. (2012).

These assessments were selected on the basis of congruency between the variable they measure and the assessment. They were also selected because they have reasonably satisfactory validity and reliability. In this context, reliability refers to the consistency in which a measuring instrument measures what it is intending to measure (Foxcroft & Roodt, 2009). Validity is concerned with what a test is supposed to measure and how well it does so (Foxcroft & Roodt, 2009).In order to place this in context and understand it, the theoretical literature on all variables is explained. The measuring instruments are described before presenting the results in which the relationship between variablesbecomes evident. Reliability and validity will be reported prior to interpretation of the results in the next chapter.

6.2.1The Multifactor Leadership Questionnaire (MLQ)

The MLQ was used to measure constructs comprising the transactional leadership, transformational and laissez-faire leadership approaches (Bass & Avolio, 1990). In this study, the discussion focuses on the development of the MLQ, and its dimensions, administration, interpretation and the reasons for selecting this tool are described.

6.2.1.1 Development of the MLQ

The content domain of the MLQ is derived from Bass's (1985) argumentation theory of transactional and transformational leadership (Tepper & Percy, 1994, p. 735). Bass and Avolio (1990), developed scales to measure the dimensions that underline transactional and transformational leadership constructs. As specified in chapter 1, initially, 142 items were generated based on interviews

with 70 executives. From this, items were then categorised into either transactional leadership or transformational leadership, but 11 expert judges in which those that could not be categorised were eliminated, which then resulted in a 73-item questionnaire of the MLQ. The early stages of this instrument were administered to a sample of 176 military and civilian participants. In these stages, the components measuring transactional leadership were contingent reward and management-by-exception, while for transformational leadership; the components were charisma, inspirational leadership, individualised consideration and intellectual stimulation.

In later stages, the MLQ was developed following thorough analyses, reviews and critiques that offered recommendations to modify components in the model (Avolio & Bass, 1999). This resulted in the six-factor model proposed by Bass (1985), named the MLQ (form 6) to address certain concerns such as problems with how the items were worded, lack of discriminant validity among certain leadership factors and the incorporation of behaviours and attributions in the same scale (Avolio & Bass, 1999, p. 442). This resulted in an instrument that included six factors, including three transformational, two transactional and a passive-avoidant (laissez-faire factor),which were extracted after conducting principal components analysis using varimax rotation. The six factors in this model were defined as follows (Bass & Avolio, 1999):

- inspirational – providing followers with a clear sense of purpose that is energising, is a role model for ethical conduct and builds identification with the leader and his or her articulated vision,

- intellectual stimulation – compelling followers to question the trend and true ways of balancing problems and encourages them to question the methods they use to improve upon them,

- individualised consideration – focusing on understanding the needs of each follower and works continuously to encourage them to develop to their full potential,

- contingent rewards – addressing what is expected from followers and what they will receive if they the meet expected levels of performance,

- passive management-by-exception – involves reactingto problems only after they have become serious enough to warrant taking corrective action,and

- active management-by-exception – focusing on monitoring task execution for any problems that may arise and correcting problems before they influence performance levels.

This model was subsequently to include multiple factors in which it was identical to the six-factor model but included laissezfaire and idealised influence, which made it similar to the theoretical perspective of transactional and transformational leadership characteristics. This was done so that each factor represented each scale as a distinct and separate factor.

6.2.1.2 Description of the MLQ

The MLQ (Bass & Avolio, 1990) consisted of 21 statements in which participants respond to a frequency scale ranging from 1 to 5, where 1 is"not at all" and 5 is"frequently if not always". The purpose of this instrument is to identify which factors employees mostly identify in order to determine the existing leadership approaches. Table 6.1 shows the factors allocated to each statement depending on various

Figure 6.1 Factor Content of the MLQ

MLQ factors	Allocated statements
Transformational leadership	
Idealised influence	1,8,5
Inspirational motivation	2,9,16
Intellectual stimulation	3,10,17
Individualised consideration	4,11,18
Transactional leadership	
Contingent reward	5,12,19
Management-by-exception	6,13,20
Laissez-faire leadership	7,14,21

6.2.1.3 Administration of the MLQ

The MLQ is administered individually and usually in the manner dependent on the number of people in the population. Since only 21 statements were utilised in this study, ten minutes was allocated for completion of these statements. Participants answer each question independently without any discussion and as quickly as they can. The time is not strictly administered to give participants sufficient time to complete the assessment and also allow them to double-check if they have responded to all the statements. As stated earlier, a five-point scale was used in which:

- "1"indicates that the statement is truly false,
- "2" and "3"indicates that the statement is partly true, and
- "4" and "5"indicate that the statement is often true.

6.2.1.4 Interpretation of the MLQ

The interpretation of the MLQ is based on the categories of factors identified and groups the statements according tothe factors allocated for determining the specific leadership approach. This model is used to identify the respective leader in the specific environment (Bass & Avolio, 1999) and is used to describe leaders in a particular contextual environment. High scores for particular question will identify which factors are rated high in describing a particular leadership approach, whereas low scores indicate that such a leader does not exist in that environment.

6.2.1.5 Reason for selecting the MLQ in this study

The MLQ was selected for this study because of its thorough development and straight-forward interpretation. It was also selected as it directly answered the research question by identifying the existing leadership approach in a particular environment. In previous studies, according to Avolio, Bass, and Jung (1999), the reliabilities for each of the six leadership factor scales ranged from 0.63 to 0.92 in the initial sample set and 0.64 to 0.92 in the replication set. Estimates of internal consistency were reported above 0.70 for all scales except management-by-exception (Avolio, Bass, & Jung, 1999).

6.2.2 Job satisfaction survey (JSS)

The JSS (Spector, 1994) was used to measure each employee's level of satisfaction in his or her work environment. In this study, the JSS is explained andits development, factors, administration, interpretation and the reason for selecting this tool for this study is described.

6.2.2.1 Development of the JSS

The development of the JSS was based on the theoretical principle that job satisfaction represents an affective or attitudinal reaction to an individual's job (Spector, 1985, p. 694). Job satisfaction is assumed to represent an individual's feelings about a job and the JSS was developed to measure attributes relating to these individual feelings (Spector, 1985). The JSS comprises a nine-subscale measure of employee job satisfaction relating to human service. The ninescales of the JSS instrument were selected on the basis of thorough research and identification of various dimensions of job satisfaction. Its dimensions include appreciation, communication, co-workers, fringe benefits, job conditions, nature of work, the organisation itself, the organisation's policies and procedures, pay, personal growth, promotion, opportunities, recognition, security and supervision.

6.2.2.2 Description of the JSS factors

The JSS (Spector, 1994) assesses 11 dimensions of job satisfaction. This questionnaire consists of 49 statements covering each dimension. A six-point scale is used with 1 representing "totally in disagreement" and 6 "totally agreeing". An additional 13 statements were later added to the JSS. Table 6.2 indicates the factors of the JSS (Spector, 1994).

Table 6.2 Factors of the JSS

JSS factors	Allocated Items
Nature of work	1,6,16,17,21,23,37,46
Operating procedures	2,9,35,44
Pay and salaries	3,30,39
Promotions	4,31,40

Constructive feedback	5,19,25
Supervision	18,20,26,28,32,41
Recognition	10,29
Working conditions	8,11,24,27,48,49
Communication	38,47
Co-workers	7,12,13,14,15,22,36,45
Fringe benefits	33,34,42,43

6.2.2.3 Administration of the JSS

The JSS is administered individually to participants to identify levels of satisfaction for each individual. With extended statements, the participants are given 15 minutes to answer but this limitis not strictly administered. Participants are required to answer questions quickly and double-check if all the statements have been responded to. Participants are required to respond according to the followingsix-point scale:

- "1" if the participant disagrees very much.
- "2" if the participant disagrees moderately.
- "3" if the participant disagrees slightly.
- "4" if the participant agrees slightly.
- "5" if the participant agrees moderately.
- "6" if the participant agrees very much.

6.2.2.4 Interpretation of the JSS

Owing to the fact that each dimension of the JSS is measured separately as seen on the subscales, analysis can be conducted dependently on which statements are true. A high score on a particular dimension mean satisfaction with that particular dimension, that is, high scores on pay and salaries statements mean an employee is satisfied with this particular dimension. The

total scores determine the overall satisfaction, and depending on whether employees mostly disagree or mostly agree, the scores determine the total level of satisfaction.

6.2.2.5 Reason for selecting the JSS in this study

The JSS (Spector, 1994) was selected because of the factors it measures. The same factors were identified in the literature review of job satisfaction as having an impact on satisfaction levels. Thus, this tool identifies the same factors and determines the impact. There is congruency between the measure and theoretical literature. In previous studies, internal consistency for each subscale, and the total scale on a sample of 2 870 was the 0.50 minimum suggested by Nunnally (1967). All but two were over 0.70 and total score of 0.91 (Spector, 1985). A test-retest reliability was also done on a small sample, and the range was a 0.37 to 0.74 for the subscales and 0.71 for the entire scale (Spector, 1985). These results suggest that the total scale and subscales have reasonable internal consistency, and the test-retest data indicate good reliability over time.

6.2.3 The Individual Work Performance Questionnaire (IWPQ)

The IPWQ of Koopmanset al. (2012) is an instrument that measures work performance at individual level. In this section, the IPWQ is discussed with reference to its development, dimensions, administration, interpretation and the reason for selecting this tool for this study.

6.2.3.1 Development of the IWPQ

The IWPQ was developed from the Individual Work Performance (IWP). The IWP focuses on behaviours or actions of employees, rather than the results of these actions (Koopmanset al., 2012). Traditionally, its main focus was on task performance, which can be defined as the proficiency with which individuals perform the core substantive or technical tasks central to the job. Although it

focuses on this construct, the IWP was a multidimensional tool also including contextual performance and counter productive work behaviour. In later stages adaptive performance was also identified. The IWP had various scales to measure these dimensions. A concern with the IWP emerged after difficulties were experienced in selecting the right scales to ensure dimensions as some scales selected did not measure all the dimensions. The length of the IWP was also a concern.

The IWPQ was then revised as a generic and short questionnaire to overcome the identified limitations. This questionnaire measures all IWP dimensions (task performance, contextual performance, adaptive performance and counterproductive work behaviour) and standardised operationalization in the sense that it was developed and based on a generic population and included no antithetical items (Koopmanset al., 2012, p. 8) for each dimension. Only one scale was used. The IWPQ included 47 item statements and was tested on 1 181 Dutch workers. Factor analysis was used to examine whether the four-dimensional framework could be confirmed (Koopmanset al., 2012).

6.2.3.2 Description of the IWPQ

As stated, the IWPQ assesses four dimensions (task performance, contextual performance, adaptive performance and counter productive work behaviour). This includes 47 items and for each dimension a different response scale is used. The purpose of this questionnaire is to determine participants' perception of how well they perceive themselves to perform their duties. Table 6.3 indicates the dimensions measured and their corresponding allocated items.

Table 6.3 Factors of IWPQ

Factors	Allocated items
Task performance	1–13
Contextual performance	14–29
Adaptive performance	30–37
Counterproductive work behaviour	38–47

6.2.3.3 Administration of the IWPQ

The IWPQ is an assessment administered individually, and the participants are given 15 minutes to answer questionnaire, although time is not strictly administered. The participants are required to answer each statement and at the end double-check to see if all the statements have been answered. Participants are required to answer the statements honesty and promptly; as each dimension has its own scale. Participants are required to use four different scales but they are all four-point scales, in which there are four options to select from. The scales are as follows:

- "1" and "4" had 1 as insufficient and 4 as very good.
- "2" and "5" had 1 as much worse and 4 as much better.
- "3" and "6" had 1 as never and 4 as often.
- "7" to "37" had 1 as seldom and 4 as always.
- "38" to "4" had 1 as never and 4 as often.

Since this assessment required each employee to predict his or her own performance, honesty was emphasised.

6.2.3.4 Interpretation of the IWPQ

Each dimension is measured separately and reflects participants' perception of their performance. This instrument is not based on high scores but the selection

on the four-point scale is dependent on the particular statement. In some statements, 1 would be a suitable selection, while in another, 4 would be a suitable selection. Interpretation of answers is solely the perception of individuals. With thorough studies using Rasch analysis, the IWPQ can be used to measure individual performance (Koopmanset al., 2012).

6.1.3.5 Reason for selecting the IWPQ in this study

The reason this measure was selected is based on the requirement of individuals to assess their performance instead of their leaders. Various dimensions were identified in the employee performance literature review and this assessment complements the literature. It was also selected because it is a representative measure and is relevant in a modern organisation. In previous studies, the person separation index (PSI) was used to estimate the internal consistency of a scale. PSI is similar to Cronbach's alpha (Cronbach, 1951), but uses the logit scale estimates as opposed to raw scales. It is interpreted in a similar manner – that is, a minimum value of 0.70 is required for group use and 0.85 for individual use (Koopmanset al., 2012, p. 25).

6.2.4 Biographical questionnaire

A biographical questionnaire was used to gather participants' information on age, race, gender, position, qualification level and organisational hierarchy.

6.3 POPULATION AND SAMPLE SELECTED

Because of the nature of the research topic, a specific contextual population was selected inthe financial services environment. According to Terre Blanche, Durrheim and Painter (2006), a population is a larger pool from which sampling elements are drawn and in which findings will be generated to represent the population. The population encompasses all the elements that make up the unit of analysis which is the sample (Terre Blancheet al., 2006). The practice of referring to things from a broader category of people or things from

observations of a smaller subsection of that category is known sampling (Terre Blanche et al., 2006, p. 133). In other words, a sample represents all population elements if such a sample has been randomly selected from a "sampling frame" representing everyone in the population. In simple terms, a sampling frame is a population that is accessible to select a sample form. In the context of this research, the sampling frame was a specific financial services organisation selected from all organisations in the entire financial services industry in South Africa because it would have been impossible to access all of them.

Various techniques can be used to select a sample from a sample frame or a designated population. The first is probability sampling, which refers to each element or individual in the case of this study, with a known calculable chance of being part of a sample. In probability sampling, the techniques used are systematic, stratified and cluster sampling, in which all elements have an equal chance of being selected (Terre Blanche et al., 2006). The second form of sampling is called non-probability sampling and refers to any kind of sampling where the selection of elements is not determined by any statistical procedure in which each element has an equal chance of being part of the sample. Examples are convenience, purposive and snowball sampling.

In the context of this research, the sampling strategy that was adopted was non-probability sampling in which the technique of purposive sampling was used. Purposive sampling can be defined as a sample dependent on a person's availability and willingness to participate, and cases that are typical of the population are selected (Terre Blanche et al., 2006). In the context of this research, supervisors and managers were asked to find outwhether employees were keen to participate in the research until a target sample of 100 was reached. These responsesthen formed part of the sample used in the research. Responses were thus the number of people in the sample who were able to complete the assessment.

The measuring instruments were administered to 100 individuals and 80 completed the questionnaire, and those were then included in the analysis amounting to a response rate of exactly 80%. This assessment was administered to employees, and no leaders were included. The total response rate was 80,and this represented the entire sample. The sample represented approximately 30% of the population. Table 6.4 indicates the response rates.

Table 6.4 Population, Sample and Response Rate

	Employees
Population	270
Sample	100
Responses	80
Response rate	30%

To ensure that the sample represented the entire population, it is described in terms of the elements extracted from the biographical questionnaire (age, gender, race, qualification, role and organisational hierarchy). The purpose of including this information was to ensure and demonstrate that the sample represented all demographical aspects of the population, especially in the diverse environment in the organisation. Table 6.5 indicates all the biographical information of the participants in this sample.

Table 6.5 Sample Demographics Details

Item	Category	Frequency	Percentage
Years of service	1–5 years	72	92.25%
	6–10 years	2	2.25%
	11 years and more	4	5%
Age	Between 1978–2000	77	96.25%
	Between 1965–1977	3	3.75%
	African	68	85%

Race	Coloured	9	11.25%
	Indian	3	3.75%
Gender	Male	26	32.5%
	Female	54	67.5%
Job level	Supervisor	2	2.5%
	Employee	78	97.5%
Qualification	Grade 11–12	30	37.5%
	Certificate	35	43.75
	Diploma	12	15%
	1stdegree	3	3.75%
Job category	Professional	2	2.5%
	Administrative	1	1.25%
	Auxiliary services	2	2.5%
	Sales and marketing	2	2.5%
	Finance	16	20%
	Other	57	71.25%

According to table 6.5, the majority of the participants were employees (97.5%), and managers did not participate in the study. The 2.5% supervisory level was second-in-command employees to team supervisors. The majority ethnic group were Africans at 88%, followed by 11.25% coloureds and 3.75% Indians, with no white participants. The 67.5% of participants were female and 32.5% were male. The majority of the participants have a post-matric qualification in which 43.75% had certificates. 92.25% had one to five years of experience and most (96.25%) were born between 1978 and 2000. This indicates that most of the participants were entry-level workers and being led in the work environment.

They should have had competency levels that allowed them to read, write and interpret information, given the fact that the entire sample had grade 12.

6.4 ADMINISTRATION OF THE ASSESSMENT

Leading up to the data collection stage of the research project, written consent was received from the HR department of the organisation and management within the departments in which the assessment would be administered. This was after a request had been made in at the initial stage of the research and also in which the assessment battery was shared with management to give them insight into the sort of attributes that would be measured. A theoretical background to the research was also disclosed and advantages of the study were given and how it would benefit the organisation.

The 120 copies of the measuring instrument were made as the assessment would be a paper based. The reason for a paper-based assessment was to ensure that employees completed the assessment promptly and to eliminate any impairments such as computer illiteracy. Pencils and erasers were also provided. The assessment was administered over three consecutive days with 45 minute sessions comprising ten to 30 people in a session, depending on the number of individuals who were made available in a given session. In instances where an entire group had not completed the assessment within 45 minutes, an additional ten minutes was allocatedto them to ensure that they completed all the questions.

The assessment took place under the supervision of the researcher as a facilitator and in a suitable training room in the organisation with enough lighting, seating and desk space for employees to compete the assessment. Participants were selected daily by their managers and supervisors, and participation was voluntary for employees. Prior to starting of the assessment, the researcher as the facilitator explained to all participants, the purpose of the

assessment, and how it would benefit each employee and the organisation as a whole. The ethical considerations were also explained to the participants.

As discussed in chapter 1, the ethical considerations were based on the existing principles and policies of the International Test Commission's *Guidelines for test use* (2000), as set out below:

- ensuring appropriate, fair, professional and ethical use of assessment measures and assessment results,
- taking into account the needs and rights of those involved in the assessment processes,
- ensuring that the assessment conducted closely matches the purpose to which the assessment results will be put,
- taking into account the broader social, cultural and political context in which assessment is used and the way in which such factors might affect assessment results, their interpretation and the use of which they are to be put, and
- ensuring that the privacy of participants is maintained, by not disclosing any names of any participants, ensuring participants donot write down their names on assessments nor ask for any information that may help to identify them. All assessments are confidential and are not reported individually but as a whole. Assessments are not shown to anyone in the organisation.

6.5 STATISTICAL PROCESSING OF DATA

The statistical processing of data in this study entailed determining whether a relationship existed between leadership approaches, employees satisfaction and work performance, and also whether biographical groups differed significantly regarding the variables of gender, race, qualification, age, job level, years of service and job category. These can be described as follows:

- The categorical data (means and standard deviation) as measured by the MLQ, JSS and IWPQ were determined for the total sample. Cronbach's

alpha coefficients were also obtained for the three measurements in determining the reliability levels of the instruments for the purpose of the study.

- Inter-correlation tests were conducted to investigate the direction and strength of the variables measured by the MLQ, JSS and IWPQ. Pearson correlation coefficients were applied to this measure.

- Lastly, inferential statistics were obtained to allow the researcher to make inferences about the data. Multiple regressions were performed to determine the relationship between the dependent variables (employee satisfaction and work performance) and the independent variable (leadership approaches).

6.5.1 Descriptive statistics

Descriptive statistics are used to describe or summarise numerical observations or data. They are procedures used to summaries, organise and make sense of a set of scores or observations usually presented in the form of graphs or tables (Carlson& Winquest, 2011).

6.5.1.1 The Cronbach alpha coefficient

The Cronbach alpha coefficient is used to determine the reliability measures of a measuring instrument. Reliability wasdefined earlier in this chapter as referring to the consistency in which a measuring instrument measures what it is intended to measure (Foxcroft & Roodt, 2009). The Cronbach alpha coefficient is intended to measure internal consistency, which is estimated by determining the degree to which each item scale correlates with each other item (Terre Blancheet al., 2006). With the Cronbach alpha coefficient, a number that ranges from 0 (no internal consistency) to 1 (maximum internal consistency) is the most common estimate (Terre Blanche et al., 2006, p. 154). If the average correlation between the various items is low, alphas will be low. As the average inter-item correlation increases, Cronbach's alpha increases as well. In general, alpha scores above 0.7 are acceptable (Moerdyk, 2009).

6.5.1.2 Means and standard deviations

Means are averages of a group of scores or measures, whereas standard deviation is defined as the positive square root of the variance of a distribution or collection of scores (Bergh & Theron, 2006). These two tools are used to indicate the distribution of variable data and to describe the scores.

6.5.2 Correlational analysis: the Pearsonproduct correlation coefficient

Pearson product correlation coefficients are calculated to assess the direction and strength of the relationship between the variables (Pillay, 2013). They are a summary measure that describes the extent to which the statistical relationship between two intervals or ratio-level variables (Gerhard, 2009). The correlation coefficient is usually given the symbol r and it ranges from -1 to +1. A correlation quite close to 0, but either positive or negative; implies little or no relationship between the two variables. A correlation coefficient close to +1 means a positive relationship between the two variables, and one close to -1 indicates a negative relationship between two variables.

6.5.3 Inferential statistics

Inferential statistics were conducted usingmultiple regression analysis.

6.5.3.1 Multiple regression analysis

Multiple regression analysis is a statistical technique used to investigate the relationships between variables (Skyes, n.d.). The researcher seeks to ascertain the casual effect one variable has on another. To explore such issues, the researcher assembles data on the underlying variables of interest and employs regression to estimate the quantitative effect of the casual variables on the variable they influence (Skyes, n.d.). Most commonly, regressions are interpreted with dependent variable scores explaining a number of independent variables (Terre Blanche et al*.,* 2006).

6.5.4 Levels of significance

The term "level of significance" refers to the likelihood that the random sample is not represented in the population. The lower the significance level, the more confident one can be in replicating results (Anon., n.d.). This also refers to the criterion of judgement upon which a decision is made regarding the value in a null hypothesis. The null hypotheses may be described as having "no effect" of one sort or another, either no main effect on some independent variable, or no interaction between two variables (Loftus, 2009, p. 5). In behavioural science, the level of significance is typically set at 5% (Privitera, 2015). When the probability of obtaining a sample mean is less than 5% if the null hypotheses were true, then one rejects the value state in the null hypothesis.

Significance levels are usually presented in the form of a p value. When the level of significance is commonly set at 5% (as it was here), the *p* value is p≤0.05. *P* value is a continuous measure of evidence, but in practice is typically valued approximately into strong evidence, weak evidence and no evidence. In statistical terms, data would be highly significant, marginally significant and not statistically significant at conventional levels, with cut-offs roughly at p=0.01 and 0.10 (Gelman, 2006). It should be noted that high significance and marginal significance will be reported as having significance generally.

The table below demonstrates highly significant, marginally significant and not statistically significant.

Table 6.6 Description of Levels of Significance

Value	Description
p ≤0.01	Highly significant
p ≤0.05	Marginally significant
p ≥0.05	No significance

6.5.5 Formulation of the research hypothesis

Hypotheses are calculated expectations about differences between groups in the population or about relationships between variables (Terre Blanche et al., 2006). In this research, the following hypothesis that were formulated in chapter are tested in the next chapter:

H0: There are no significant relationships between leadership approaches, employee satisfaction and employee performance.

H1: There are significant relationships between leadership approaches, employee satisfaction and employee performance.

6.6 CONCLUSION

This chapter described all the questionnaires used in this study and the statistical analysis processes that were used for descriptive and inferential analysis. The next chapterfocuses on the analysis of data to establish which leadership approach influences employee satisfaction and employee performance.

CHAPTER 7: RESEARCH RESULTS

7.1 INTRODUCTION

This chapter discusses the statistical results of the collected data in accordance with the empirical studyand literature review. These results are described and reported in terms of descriptive explanatory (correlational) and inferential statistics.

7.2 DESCRIPTIVE STATISTICS

Descriptive statistics are used to describe or summarise numerical observations of data, either reported in forms of graphs or tables (Carlson & Winquest, 2014). In this section, the reliability of the MLQ, the JSS and the IWPQ are reviewed in terms of the Cronbach coefficient alpha and means and standard deviations. These are reported separately for each measuring instrument.

7.2.1 Cronbach alpha coefficients of the measuring instruments

Internal consistency reliability can be achieved by either having many items or, in the case of this study, highly inter-correlated items. Internal consistency reliability not only determines reliability among dimensions and variables, but also assistswith interpretation and in determining relationships between dimensions (Clark & Watson, 1995). In this case Cronbach alpha coefficientswere used to measure internal consistency. This section provides evidence on internal consistency reliability through the Cronbach alphasfor the MLQ, the JSS and the IWPQ.

7.2.1.1 The MLQ

Table 7.1 indicates the Cronbach alpha values for each leadership approach of the MLQ. These scores are reported on the basis of standard variable scores. This is based on the total sample (N=80). The total Cronbach alpha coefficient

score is 0.93 for the MLQ, which is high because in general alpha scores of above 0.7 are acceptable (Moerdyk, 2009). See table 7.1 which presents the MLQ Cronbach alpha coefficients.

Table 7.1 Reliability Scores of the MLQ

MLQ dimensions	Cronbach alpha coefficients total sample (N=80)	Number of items
Transactional leadership	0.78	6
Transformational leadership	0.92	12
Laissez-faire leadership	0.49	3
Total	**0.93**	**21**

Table 7.1 indicates that two of the three variables had high reliabilities, with transactional leadership at 0.78 and transformational leadership at 0.92. Laissez-faire leadership, however, had a low alpha coefficient at 0.49. The overall reliability was substantial at 0.93. Regarding low alpha coefficients, according to Terre Blanche and Durrheim (1999), for broad group measures, it is acceptable to have low alpha coefficients such as for laissez-faire leadership.

7.2.1.2 The JSS

Table 7.2 provides Cronbach alpha coefficient scores for each of the 11 dimensions of the JSS. These alpha coefficients ranged from -0.15 to 0.83 with the total sample (N=80). The total job satisfaction Cronbach alpha coefficient was 0.89, which is highly reliable as it is closer to 1. See below table 7.2 which indicates the Cronbach alpha scores for each dimension.

Table 7.2 Reliability Scores of the JSS

JSS dimensions	Cronbach alpha coefficients total sample (N=80)	Number of items
Nature of work	0.59	8
Operating procedures	-0.15	4
Pay and salaries	0.34	3
Promotions	0.02	3
Constructive feedback	0.73	3
Supervision	0.45	6
Working conditions	0.83	6
Co-workers	0.78	8
Fringe benefits	-0.36	4
Total	**0.87**	**45**

Table 7.2 shows that both recognition and communication Cronbach alpha coefficientswere not significant because they only hadtwo items measuring them in the measuring instrument. Three or more items are required to be able to derive a Cronbach alpha. That being said, the highest Cronbach alphas included constructive feedback, working conditions and co-workers at 0.73, 0.83 and 0.78 respectively. The low alpha coefficients included fringe benefits and operating procedures with -0.36 and 0.15 respectively. These werefairly low but they were considered, because the overall alpha coefficient of the model was quite high.

7.2.1.3 The IWPQ

Table 7.3 provides the Cronbach alpha coefficients for the four dimensions of work performance. The alpha coefficients varied from 0.58 to 0.80for the total

sample (N=80). The total work performance scale obtained a Cronbach alpha coefficient of 8.81, which was high for the purpose of this study. See below table 7.3 which indicates the Cronbach alpha coefficients for each of the four variables.

Table 7.3 Reliability Scores of the IWPQ 1

IWPQ dimensions	Cronbach alpha coefficients total sample (N=80)	Number of Items
Task performance	0.61	12
Contextual performance	0.79	16
Adaptive performance	0.80	8
Counterproductive work behaviour	0.58	10
Total	**0.81**	**47**

Both contextual performance and adaptive performance had high alpha coefficients of 0.79 and 0.80 respectively, whereas task performance and counterproductive work behaviour had low alpha coefficients of 0.61 and 0.58, respectively. Because this research wasa broad group measure, these low alpha coefficients were deemed acceptable because the entire measure had a high alpha coefficient.

7.2.2 Means and standard deviations forthe measuring instruments

The means and standard deviations for the MLQ, the JSS and the IWPQ are reported and discussed below.

7.2.2.1 Means and standard deviations for the MLQ

The means are calculated by the sum of all scores divided by the number of the scores (Foxcroft & Roodt, 2009). Standard deviation scores are also identified,

which represents the most common form of variability that can be computed (Foxcroft & Roodt, 2009, p. 37). It is basically the square root of the variance (Runyon & Harber, 1980). Variance is the estimate of the average distance each score is away from the mean (Terre Blanche et al., 2006, p. 198). Table 7.4 below presents the minimum and maximum scores, the mean and standard deviation for each dimension of the MLQ.

Table 7.4 Means and Standard Deviations for the MLQ

MLQ dimensions	N	Minimum	Maximum	Mean	Standard deviation
Transactional leadership	80	1.08	5.00	3.58	0.96
Transformational leadership	80	1.50	5.00	3.88	0.84
Laissez-faire leadership	80	1.00	5.00	2.93	0.85
Total	**80**	**1.52**	**4.81**	**3.58**	**0.82**

The mean scores ranged from 2.93 to 3.88 for all the dimensions of the MLQ. The sample of participants obtained the highest scores on transformational leadership (m=3.88; SD=0.84) and transactional leadership (m=3.58; SD=0.96), whereas laissez-faire leadership (m=2.93; SD=0.85) scored the lowest. This low mean score on the laissez-faire leadership dimension indicates that the participants seemed to have a negative perception of this type of leadership. The standard deviations of the dimensions were similar in range, ranging from 0.84 to 0.96. The maximum scores were all identical.

7.2.2.2 Means and standard deviationsfor the JSS

In the JSS, mean scores are calculated for all 11 dimensions with each individual dimension ranging from 1 to 6. See figure 7.5 below which indicates the minimum, maximum, mean and standard deviation scores.

Table 7.5 Means and Standard Deviations for the JSS

JSS dimensions	N	Minimum	Maximum	Mean	Standard deviation
Nature of work	80	1.75	4.63	3.68	0.55
Operating procedures	80	2.50	5.50	3.74	0.70
Pay and salaries	80	1.00	5.67	3.08	0.98
Promotions	80	1.00	5.67	3.62	0.96
Constructive feedback	80	1.00	5.00	4.03	0.89
Supervision	80	1.83	4.50	3.20	0.74
Recognition	80	1.00	5.00	3.38	1.08
Working conditions	80	1.33	5.00	3.42	0.92
Communication	80	1.00	6.00	3.17	0.92
Co-workers	80	1.50	5.25	3.87	0.76
Fringe benefits	80	1.00	5.00	3.26	0.77
Total	**80**	**1.88**	**4.49**	**3.54**	**0.51**

Mean scores of all the JSS dimensions ranged from 3.08 to 4.03. This indicates that the participants seemed satisfied with their jobs, and theywere more satisfied with the constructive feedback in the organisation. The sample of participants obtained the highest score for constructive feedback (m=4.03; SD=0.89) and the lowest for pay and salaries (m=3.08; SD=0.98). The standard deviations of the dimensions ranged from 1.08 to 0.55.

7.2.2.3 Means and standard deviations for the IWPQ

The overall IWPQ mean scores were determined by obtaining a mean score across all four dimensions of the IWPQ. Table 7.6 indicates the minimum, maximum, mean and standard deviation scores.

Table 7.6 Means and Standard Deviations for the IWPQ

IWPQ dimensions	N	Minimum	Maximum	Mean	Standard deviation
Task performance	80	2.08	3.85	3.04	0.34
Contextual performance	80	1.75	4.00	3.32	0.46
Adaptive performance	80	1.38	4.00	3.42	0.54
Counterproductive work behaviour	80	1.00	2.50	1.43	0.38
Total	**80**	**1.94**	**3.43**	**2.85**	**0.28**

The mean scores range from 1.43 to 3.42. The sample of participants obtained the highest scores for contextual performance (m=3.32; SD=0.46) and adaptive performance (m=3.42; SD=0.54), which reflect a positive perception of the participants' task, contextual and adaptive performance. Counterproductive work behaviour (m=1.43; SD: 0.38) was the lowest, suggesting a negative view of this dimension by the participants. Standard deviations of the dimensions were similar, ranging from 0.34 to 0.54.

7.2.3 Interpretation of means and standard deviations

The interpretation of means and standard deviations is based on tables 7.4 to 7.6. Each variable in terms of the measuring instrument used to assess it is discussed separately below.

7.2.3.1 TheMLQ

The high scores obtained for transactional leadership and transformational leadership indicated that the individuals who participated in this questionnaire preferred to be led by leaders who empowered them, clarified procedures, afforded them opportunities to one day themselves become leaders and rewarded them as well. These two dimensions were substantiated by reliability coefficients, in which both scores were comfortably higher than the suitable norm.Transformational leadership scored higher than transactional leadership, which suggests that employees who participated in this study preferred leaders who would develop them and allow them to reach the leadership stage as well. Transactional leadership also scored high, which suggests that participants might still have attached monetary rewards to their duties.

The low mean scores obtained for laissez-faire leadership suggest that employees sought development and empowerment in their duties. They felt that they wanted to be trusted in their duties to be able to achieve objectives without micro management and also wanted to be rewarded. Since the reliability scores of the laissez-faire leadership dimension were low, interpretation of this leadership dimensions should be treated with caution.

7.2.3.2 The JSS

The high mean scores obtained for constructive feedback suggest that individuals who participated in this study regarded constructive feedback as important. Participants seemed to prefer communication that brings attention to an area in which performance could improve in a manner that helps the individual to interpret and understand the information. They seek useful, meaningful and understandable feedback with regard to their performance that will help them to improve it. It would seem that the participants wereextremely concerned with their performance levels and sought assistance with how such performance could be improved.

The low mean scores obtained for the pay and salaries dimensions might suggest that employees who participated in this study did not necessarily have much interest in earnings. This could also suggest that the participants were more concerned with their well-being at work than with monetary benefits andthat they might focus on high performance more than anything else.

7.2.3.3 The IWPQ

In terms of the IWPQ, high mean scores were obtained for contextual performance and adaptive performance. This suggests that employees who participated in this study preferred to work proactively and reactively, respectively, supporting the organisational, social and psychological environment (Koopmans, Hildebrandt, Buuren, Van der Beek & de Vet, 2012). Employees were not only considering their immediate roles, as per their key performance areas (KPAs), but also additional roles that could assist with making their core roles easier to achieve. This suggests that the participants'were concerned with roles that could enhance organisational well-being and such roles might include promoting financial targets, quarterly awards or any role that might boost morale and promote well-being. This could be substantiated by the fact that 96.25% of the participants were young (born between 1978 and 2000), andmight not be interested in their day-to-day tasks, but in tasks which they found more interesting, and might not be rewarded for. They might take on these roles to make their roles more exciting. The reliability scores also substantiated these suggestions since both contextual and adaptive performance scored high in alpha coefficients.

The low mean score obtained for counterproductive work behaviour indicates that the participants perceived themselves as not behaving in ways that might harm the well-being of the organisation (Rotundo & Sackett, 2002, p. 69). Such behaviours could include absenteeism, off-task behaviour, theft and substance abuse (Koopmans et al., 2012). The reliability score was the lowest, and caution should be exercised when reporting on this, as this questionnaire was

completed predominantly by young participants with minimal experience. Hence they may have still been new in the industry and feeling positive about their roles and not reacting negatively towards their roles.Although the reliability scores were low, disclosure of such actions might have been limited.

7.3 CORRELATIONAL STATISTICS

In order to investigate the relationship between the variables in this study, correlational statisticsfor the variables were obtained. These correlations were obtained to test the hypothesis, which are:

H0: There are no significant relationships between leadership approaches, job satisfaction and work performance.

H1: There are significant relationships between leadership approaches, job satisfaction and work performance.

These statistics help to determine significant relationships between variables and their dimensions and guided the researcher in accepting or rejecting the given hypothesis. Pearson's product-moment correlations were used to determine the level of significance, which was $p \leq 0.05$, as discussed in the preceding chapter. These correlations determine whether the null hypothesis is true or false. Below, Pearson-product moment correlations for the dimensions of the independent variable and the dependent variables are provided.

Table 7.7 Overall Correlations between the MLQ, JSS and IWPQ

Variables		Variables		
		Multifactor leadership	Job satisfaction	Individualised work performance
Multifactor leadership	Pearson correlation	1.000	0.60350	0.36737
	Sig. (2-tailed)		<.0001	<.0008
Job satisfaction	Pearson correlation	0.60350	1.000	0.46434
	Sig. (2-tailed)	<.0001		<.0001
Individualisedwork performance	Pearson correlation	0.36737	0.46434	1.000
	Sig. (2-tailed)	<.0008	<.0001	

[P≤0.001; P≤0.01; P≤0.05] [r≥0.10; r≥0.30; r≥0.50]

Significance is shown using the key colours above. According to table 7.7, all variables had a significant interrelationship. This implies that each variable had an influence on the next variable. Leadership had an influence on job satisfaction and employee performance. Viewing the overall variables it becomes evident that leadership played a role in how satisfied employees were and how they performed. Job satisfaction and work performance also influenced each other. Below, the detailed relationship between dimensions is presented and interpreted.

7.3.1 Pearsonproduct-moment correlation coefficients between the MLQ and JSS

Table 7.8 reports on the Pearsonproduct-moment correlations between the MLQ and JSS. These are reported in terms of the interrelationships between the dimensions of the MLQ and the JSS. Level of significance is identified and will be discussed below.

Table 7.8 Pearson Correlation Coefficients between the MLQ and JSS (N=80)

JSS variables		MLQ variables		
		Transformational leadership	Transactional leadership	Laissez-faire leadership
Nature of work	Pearson correlation	0.40043	0.28552	0.27101
	Sig. (2-tailed)	0.0002	0.0103	0.0150
Operating procedures	Pearson correlation	-0.03257	-0.01480	0.07903
	Sig. (2-tailed)	0.7742	0.8963	0.4859
Pay and salaries	Pearson correlation	0.17909	0.38885	0.24599
	Sig. (2-tailed)	0.1120	0.0004	0.0278
Promotions	Pearson correlation	0.26289	0.19175	0.07507
	Sig. (2-tailed)	0.0185	0.0884	0.5081
Constructive feedback	Pearson correlation	0.71580	0.66439	0.55441
	Sig. (2-tailed)	<.0001	<.0001	<.0001
Supervision	Pearson correlation	0.55183	0.41875	0.36753
	Sig. (2-tailed)	<.0001	0.0001	0.0008
Recognition	Pearson correlation	0.49587	0.39590	0.36111
	Sig. (2-tailed)	<.0001	0.0003	0.0010
Working conditions	Pearson correlation	0.58143	0.51863	0.35932
	Sig. (2-tailed)	<.0001	<.0001	0.0011
Communication	Pearson correlation	0.21731	0.12559	-0.04453
	Sig. (2-tailed)	0.0528	0.2670	0.6949

Co-workers	Pearson correlation	0.34609	0.35685	0.27824
	Sig. (2-tailed)	0.0017	0.0012	0.0125
Fringe benefits	Pearson correlation	0.04180	0.23921	0.06871
	Sig. (2-tailed)	0.7128	0.0326	0.5448

[P≤0.001; P≤0.01; P≤0.05] [r≥0.10; r≥0.30; r≥0.50]

Significance is shown using the key colours above. According to table 7.8, all leadership approaches had positive relationships with nature of work, constructive feedback, supervision, working conditions and co-workers. Individual significance was evident between transformational leadership and promotions, transactional leadership and fringe benefits, and lastly, between transactional leadership and laissez-faire leadership with pay and salaries. Employees indicated that most dimensions were influenced by any sort of leader. There was nonsignificance between the leadership approaches and operating procedures. This suggests that employees perceived that leaders did not have an influence on procedures in the organisation, but did influence other areas, thus contributing to job satisfaction. Employees recognised that their leaders were able to develop them, reward them and maintain relationships between team members and with other leaders as well.

7.3.2 Pearsonproduct-moment correlation coefficients between the MLQ and the IWPQ

Table 7.9 reports on the Pearsonproduct-moment correlations between the MLQ and IWPQ. These are reported in terms of the intercorrelations between dimensions of the MLQ and IWPQ. Levels of significance are identified and discussed below:

Table 7.9 Pearson Correlation Coefficients between the MLQ and IWPQ (N=80)

IWPQ variables		MLQ variables		
		Transformational leadership	Transactional leadership	Laissez-faire leadership
Task performance	Pearson correlation	0.16671	0.17703	0.19065
	Sig. (2-tailed)	0.1394	0.1162	0.0903
Contextual performance	Pearson correlation	0.35859	0.25616	0.31724
	Sig. (2-tailed)	0.0011	0.0218	0.0041
Adaptive performance	Pearson correlation	0.35562	0.34999	0.29881
	Sig. (2-tailed)	0.0012	0.0015	0.0071
Counterproductive work behaviour	Pearson correlation	-0.14269	-0.05898	0.08679
	Sig. (2-tailed)	0.2067	0.6033	0.4440

[P≤0.001; P≤0.01; P≤0.05] [r≥0.10; r≥0.30; r≥0.50]

Based on table 7.9, there were numerous significant relationships between the dimensions. Task performance and counterproductive work behaviour were the two dimensions that did not have a positive relationship with the leadership approaches. Significant relationships existed between leadership approaches and contextual performance as well as adaptive performance. This suggests that employees preferred an environment in which leaders also considered the additional roles they took on. They not only worked on their direct tasks but also tookon additional duties that contributed to their well-being. With adaptive performance, this suggests that employees would be open to change. Innovation and creativity are accepted in reaching objectives more easily. Employees do not seem to react in a negative manner towards any unsatisfactory feelings that arise. Given the age group, level of qualifications and experience, employees qualify for their roles and have a suitable level of

competency to do their jobs. They have the capability to perform which eliminates any negative behaviour and are eager to develop themselves as they do more than what is required. It is contextual performance that promotes adaptive performance as employees are keen to better their wellbeing and their environment which may have a lot to do with change.

7.4 INFERENTIAL STATISTICS

In this section, the discussion of inferential results focuses on the interrelationships between the variables and dimensions. Multiple regression analysis was performed to determine the relationships between the independent variable and the two dependent variables, these being the interrelationships between leadership approaches with job satisfaction and work performance. Below the results are reported and interpreted in order to respond to the formulated hypothesis.

7.4.1 Multiple regression analysis

Multiple regression analysis was performed to analyse the influence leadership approaches has on job satisfaction and work performance. Influence was determined by the level of significance, where $p \leq 0.05$. Many other statistical summaries were also produced, such as the r square, standard error of estimate, t statistics and f statistic for the whole regression. These are also reported to determine significance and substantiate the model and correlation coefficients.

7.4.1.1 Multiple regression analysis of the MLQ and JSS

Tables 7.10 to 7.12 provide the summary of the results relating to leadership approaches and the JSS. Theseare reported for all the JSS dimensions. The results are analysed and discussed on the basis of these three tables.

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Table 7.10 Multiple Regression Analysis of Transactional Leadership and Job Satisfaction Dimensions

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr>t	F	R-square	Adj. R-square
Nature of work	1	-0.01724	0.10230	-0.17	0.8666	4.96	0.1638	0.1308
Operating procedure	1	-0.00441	0.13977	-0.03	0.9749	0.38	0.0149	-0.0240
Pay andsalaries	1	0.61317	0.17774	3.45	0.0009*	5.94	0.1898	0.1578
Promotions	1	0.02111	0.18565	0.11	0.9098	2.11	0.0770	00405
Constructive feedback	1	0.28683	0.11604	2.47	0.0157*	34.99	0.5800	0.5635
Supervision	1	0.01826	0.12441	0.15	0.8837	11.36	0.3096	0.2823
Recognition	1	0.06993	0.18819	0.37	0.7152	8.77	0.2572	0.2278
Working conditions	1	0.21597	0.14828	1.46	0.1494	14.10	0.3576	0.3322
Communications	1	-0.03217	0.17766	-0.18	0.8568	2.45	0.0882	0.0522
Co-workers	1	0.18585	0.14076	1.32	0.1907	4.46	0.1496	0.1160
Fringe benefits	1	0.40516	0.14717	2.75	0.0074*	2.66	0.0950	0.0593

* p<0.01

Table 7.11 Multiple Regression Analysis of Transformational Leadership and Job Satisfaction Dimensions

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr>t	F	R-square	Adj. R-square
Nature of work	1	0.21823	0.09316	2.33	0.0226*	4.96	0.1638	0.1308
Operating procedure	1	-0.07874	0.12810	-0.61	0.5406	0.38	0.0149	-0.0240
Pay andsalaries	1	-0.29335	0.16289	-1.80	0.0757*	5.94	0.1898	0.1578
Promotions	1	0.30772	0.17014	1.81	0.0745*	2.11	0.0770	00405
Constructive feedback	1	0.37760	0.11402	3..31	0.0014*	34.99	0.5800	0.5635
Supervision	1	0.37736	0.11402	3.31	0.0014*	11.36	0.3096	0.2823
Recognition	1	0.44014	0.17248	2.55	0.0127*	8.77	0.2572	0.2278
Working conditions	1	0.40207	0.13590	2.96	0.0041*	14.10	0.3576	0.3322
Communications	1	0.35672	0.16282	2.19	0.0315*	2.45	0.0882	0.0522
Co-workers	1	0.11002	0.12900	0.85	0.3964	4.46	0.1496	0.1160
Fringe benefits	1	-0.23016	0.13488	-1.71	0.0120*	2.66	0.0950	0.0593

* $p < 0.01$

Table 7.12 Multiple Regression Analysis of Laissez-faire Leadership and Job Satisfaction Dimensions

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr>t	F	R-square	Adj. R-square
Nature of work	1	0.04563	0.08301	0.55	0.5841	4.96	0.1638	0.1308
Operating procedure	1	0.11650	0.11341	1.03	0.3076	0.38	0.0149	-0.0240
Pay andsalaries	1	0.17257	0.14422	1.20	0.2352	5.94	0.1898	0.1578
Promotions	1	-0.12113	0.15064	-0.80	0.4238	2.11	0.0770	00405
Constructive feedback	1	0.19798	0.9416	2.10	0.0388*	34.99	0.5800	0.5635
Supervision	1	0.07087	0.10095	0.70	0.4848	11.36	0.3096	0.2823
Recognition	1	0.14474	0.15270	0.95	0.3462	8.77	0.2572	0.2278
Working conditions	1	0.02648	0.12032	0.22	0.8264	14.10	0.3576	0.3322
Communications	1	-0.25861	0.14415	-1.79	0.0768*	2.45	0.0882	0.0522
Co-workers	1	0.08698	0.11421	0.76	0.4487	4.46	0.1496	0.1160
Fringe benefits	1	0.01269	0.11941	0.11	0.9157	2.66	0.0950	0.0593

* $p < 0.01$

The mean square, sum of squares, dependent mean, root MSE, R square and the adjusted R square, and the coefficient variable along with the F value were calculated for each dimension and were found to be different. These statistics are used to describe the distribution of responses and to assess for normality. Tables 7.10 to 7.12 were the overall response summary rate of each leadership approach variable. For all dimensions, the only similar factors in all parameter estimates were the degrees of freedom (DF), which is the number of values in a

distribution that are free to vary (Healey, 1990). The DF value was constant throughout the assessment as there was only one parameter to estimate for each dimension. Most scores were positive but varied with the different dimensions in respect of the leadership approaches. As each dimension had different scores, these were analysed separately with each leadership approach (see tables 7.10 to 7.12):

(a) Nature of work

For this dimension, the adjusted R-square was 0.13. Only 13% of variation in the nature of work was explained by this model. For this dimension, significant parameters were the intercept (t=9.96, DF=1; p<.0001) and transformational leadership (t=1.23, DF=1; p=0.0226). Both laissez-faire leadership (t=0.55, DF=1; p=0.5841) and transactional leadership (t=-0.1, DF=1; p+0.8666) were not significant. This suggests that transactional leadership and laissez-faire leadership did not have a significant effect on the nature of work. This individual relationship solely depended on transformational leadership. Nature of work refers to job characteristics, such as duties, performance measures and competencies required. Nature of work having a relationship with transformational leadership is associated with leaders who develop a vision of a type of role and who is best for this role. This is significant to nature of work in the job design stages where a job is designed to allow employees to be empowered and also to develop.

Transformational leadership in nature of work facilitates followers' efforts to solve complex problems while concurrently developing subordinates so that they are more prepared to address future problems (Bass, Avolio, Jung, & Berson, 2003). Leaders instil empowerment, self-leadership and development to enable employees to achieve certain goals with minimal guidance and through self-empowerment. Employees identify an environment in which they have the freedom to perform their tasks without being micro managed. They have the freedom to lead themselves to achieving financial targets. Through

transformational leadership, a task may be assigned, but how to performthe task is not directly specified. Support is provided but self-leadership is embraced.

(b) Operating procedures

For this dimension, the adjusted R-square was -0.0240, the f value 0.38 and p=0.7652. This suggests that there was no relationship between any leadership approaches and operating procedures. At the 5% level of significance, there was no evidence that any relationship existedbetween leadership approaches and operating procedures. This implies that managers or supervisors of employees were not responsible for developing procedures. Operating procedures werenot dependant on leadership approaches, which suggests that the leaders in question had no influence on the policies and processes driving daily tasks. This could be a duty executed high up in the hierarchy and leaders mightonly be responsible for compliance and not development. The only significant parameter was the intercept (t=9.48, DF=1; p<.0001).

(c) Pay and salaries

This model hada low correlation as the adjusted R-square was low (adjusted R-square = 0.1578), in which 16% of the variation in pay and salaries was explained by the model. At 5% level of significance, there was a relationship between transactional leadership and pay and salaries. The significant parameters were the intercept (t=2.51, DF=1; p=0.0141) and transactional leadership (t=3.45, DF=1; p=0.0009). Laissez-faire leadership (t=1.20, DF=1; p=0.2352) and transformational leadership (t=-1.80, DF=1; p=0.0757) were not significant. This nonsignificance implies that both transformational leadership and laissez-faire leadership did not have an effect on pay and salaries when considered in this model.

Pay and salaries wereconsidered under rewards, and employees did not see transformational leadership and laissez-faire leaders as factors influencing their earnings. Pay and salaries were solely dependent on transactional leadership. Transactional leadership did have the highest significance, more than the intercept, which may be justified by the literature review of transactional leadership because it was posited that transactional leaders reward performance. Performance and rewards were directly linked to transactional leadership. This type of leadership focuses specifically on tasks whereby the outcome regarding tasks is rewarded accordingly, and there is an exchange relationship with a direct correlation between task outcome and rewards (Burns, 1978), as stated in literature review.

(d) Promotions

For promotions, the f value = 2.11, p = 0.1056 and the adjusted R-square = 0.0405. Only 4% of the variation in promotions was explained by this model. There was no evidence of any relationship between promotions and leadership approaches at the 5% level of significance. This suggests that employees saw no opportunities for promotion through leadership. Transformational leadership is associated with followers and leaders inspiring each other to reach an elevated level of motivation (Pawar & Eastman, 1997), and present leaders want to see followers as leaders themselves. This suggests that employees are encouraged and driven to develop and put their optimal best into their duties as this may mutually benefit both them and the organisation. This mutual benefit is not evident for employees, and even though they may be fit for higher responsibility roles, they are not given a chance to grow in different roles. The result suggests that employees saw their leaders as not influencing growth in the hierarchy in the organisation.

Transactional leadership is an exchange relationship between leaders' and followers and followers are often looked down upon (Luthans, 2008). This leadership role is task oriented and rewards are often given for good

performance and punishment for poor performance. The results of this study indicated that even though employees might be rewarded for good performance, promotions were a reward not issued for constant performance. Employees might feel that they are not rewarded with growth in the organisation. This could be substantiated by the fact that employees were looked down upon and not given opportunities. Laissez-faire leadership also had no relations and had a negative linear relationship because of the t score.

(e) Constructive feedback

For constructive feedback, f value = 34.99, p= <.0001 and the adjusted R-square = 0.5635. This model was significant and 56% of the variation in constructive feedback was explained by this model. All the variables were significant. There was sufficient evidence, at the 5% level of significance, of a positive relationship between constructive feedback and all the leadership approaches. In other words, constructive feedback was fully dependent on all leadership approaches. Constructive feedback was associated with feedback on performance that might not be satisfactory, but provided in a manner in which it can be utilised to improve performance. Employees strongly felt that the leaders in their environments give feedback in a satisfactory way, not criticising but ensuring that the results lead to improvements. A good relationship is essential as there is a need to understand an employee's professional input and constructive feedback/criticism (Sageer, Rafat,& Agarwal, 2012). This model suggests that managers/supervisors are aware of employees' performance levels and are able to provide feedback relating to individual as opposed to generalised performance.

Through transactional leadership, constructive feedback may be portrayed through punishment by means of formal performance reviews, counselling or formal meetings to ensure that such behaviour is not repeated. Through transformational leadership, constructive feedback is provided as employees

are encouraged to learn through their poor performance or task difficulty. Development is promoted and mostly occurs by learning from errors.

(f) Supervision

The supervision f value = 11.36, p = <.0001 and the adjusted R-square = 0.2823. There wasa 28% variation in supervision explained by this model. Of positive significance was the intercept (t=4.50, DF=1 & p=<.0001) and transformational leadership (t=3.31, DF=1; P=0.0014). Nonsignificance was evident for transactional leadership (t=0.15, DF=1 & p=0.8837) and laissez-faire leadership (t=0.70, DF=1; p=0.4848). This suggests that both transactional leadership and laissez-faire leadership both had no influence on satisfaction through supervision. This relationship is solely dependent on transformational leadership. This means that employees identify leaders who portray behaviour that broadens and raises the interest of subordinates, creates awareness and acceptance of the mission of the group and encourages subordinates to put their self-interest aside for the benefit of the group (Bass, 1990b). This implies that employees identify an environment in which they focus on a common goal, the environment is flexible which allows them todevelop themselves and teams are empowered to achieve their goals. They have the freedom to decide how they will achieve objectives.

(g) Recognition

For recognition, the f value = 8.77, p = <.0001 and the adjusted r square = 0.2278. This means that approximately 23% of the variation in recognition was explained by this model. There was a relationship between transformational leadership and recognition at the 5% level of significance. Positive significance was evident found in the intercept (t=2.10, DF=1; p=0.0389) and transformational leadership (t=2.55, DF=1, p=0.0127). Non-significance was evidentin transactional leadership (t=0.37, DF=1; p=0.7152) and laissez-faire leadership (t=0.95, DF=1; p=0.3462). Recognition was identified with transformational leaders in the organisation and was solely dependent on such

leaders. Transformational leaders aim to empower and develop employees to take control of their roles, thereby recognising that all employees are being capable of performing their own duties. Employees feel recognised by managers as they are individually motivated and individually entitled to conduct their roles in a manner best suited to them.

(h) Working conditions

Regarding working conditions, the f value = 14.10, p= <.001 and the adjusted R-square was 0.3322. This model was significant with 33% of variation explained. Variables with level of significance werethe intercept (t=2.56, DF=1; p=0.0121) and transformational leadership (t=2.96, DF=1; p=0.0041). Transactional leadership (t=1.46, DF=1; p=0.8264) was not significant in this model. The literature suggests that transactional leadership is mostly concerned with the tasks at hand and does not necessarily consider all other aspects of the work environment that may influence how satisfied employeesare at work and how they conduct their everyday tasks. Transformational leadership, however, is a two-way leadership approach where outcomes mutually benefit all parties involved. One of these outcomes is working conditions, as employees seek a suitable work environment that considers their needs and well-being, leaders are considerate towards employee needs and ensures that they are fulfilled. Such needs may include frequent breaks during the day in a rest area with equipment that assists employees to relax and create the right mind-set, instead of merely concentrating on tasks.

(i) Communication

For communication, the f value =2.45, p=0.70 and the adjusted R-square =0.0522. This model had low correlation and the 5% variation in communication was explained by this model. The significant parameters were the intercept (t=5.59, DF=1; p<.0001) and transformational leadership (t=2.19, DF=1; p=0.0315). Both transactional leadership (t=0.18, DF=1; p=0.8568) and laissez-

faire leadership (t=-1.79, DF=1; p=0.07668) were not significant. This implies that both transactional and laissez-faire leadership did not have an effect on communication when considered in this model and that the relationship depended solelyon transformational leadership. According to this model, the communication value is estimated by a constant fraction (0.35672) of the transformation leadership scores as indicatedin table 7.11.

Transformational leaders in this kind of environment tend keep employees updated on anything that occurs in the organisation. This allows employees to know how their input is aligned with organisational objectives. Managers create an environment of knowledge and informational sharing with daily informal meetings with teams and quarterly meetings to discuss performance. Such meetings are not only task oriented, but also consider any impacts in the work environment.

(j) Co-workers

For co-workers, the f value =4.46, the adjusted R-square =0.1160 and p=0.0062. Approximately 12% of the variation in co-workers was explained by this model with a 5% level of significance. In this model, not all variables are significant. Leaders have no influence on relationships between co-workers and even through selection, a work environment fit with other employees is barely considered. Such relationships are solely left to employees, and leaders do not interfere unless there is evidence of conflict between employees. Satisfaction with co-workers is dependent on employees and not leaders. This model is significant, which shows that employees may be satisfied with co-workers but not because of their leaders.

(k) Fringe benefits

For fringe benefits, the f value = 2.66, p = 0.0542 and the adjusted R-square = 0.0593. It is clear that this model hada low correlation with the given adjusted r-

square and only approximately 6% of the variation of fringe benefits was explained by this model. There is sufficient evidence of the existence of a relationship between transactional leadership and fringe benefits. The significant variables were the intercept (t=6.02, DF=1; p=<.0001) and transactional leadership (t=2.75, DF=1; p=0.0074). Laissez-faire leadership (t=0.11, DF=1; P=0.9157) and transformational leadership (t = 1.71, DF =1; p=0.0920) were not significant in this model. It is evident that transformational leadership had a linear negative relationship with fringe benefits given the t value.

In the review on the literature on transactional leadership, one of the dimensions of transactional leadership was contingent rewards. Contingent rewards have to do with rewarding employees for their performance. Fringe benefits in the financial services environment are aligned to performance. Benefits such as incentives are based on employee performance levels. Employees identify transactional leadership for this, as rewards and performance are directly linked.

7.4.1.2 Multiple regression analysis of MLQ and IWPQ

Inferential statistics were analysed on four dimensions of individual work performance using the multiple regression analysis in determining the response patterns to the survey questionnaire. The same processes of data collection and interpretation were applied as in job satisfaction. Below each variable's scores are presented and analysed for each dimension, with reference to tables 7.13 to 7.15.

Table 7.13 Multiple Regression Analysis of Transactional Leadership and Individual Work Performance

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr>t	F	R-square	Adjusted R-square
Task performance	1	0.03916	0.06743	0.58	0.5631	1.22	0.0458	0.0081
Contextual performance	1	-0.02262	0.08544	-0.26	0.7920	4.43	0.1490	0.1154
Adaptive performance	1	0.11408	0.09990	1.11	0.2723	4.63	0.1544	0.1210
Counterproductive work behaviour	1	0.02506	0.07372	0.34	0.73448	1.69	0.0625	0.0255

*p<0.01

Table 7.14 Multiple Regression Analysis of Transformational Leadership and Individual Work Performance Dimensions

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr>t	F	R-square	Adjusted R-square
Task performance	1	0.00826	0.06180	0.13	0.8940	1.22	0.0458	0.0081
Contextual performance	1	0.13838	0.07830	1.77	0.0812*	4.43	0.1490	0.1154
Adaptive performance	1	0.08924	0.09156	0.97	0.3328	4.63	0.1544	0.1210
Counterproductive work behaviour	1	-0.12379	0.06756	-1.83	0.0708*	1.69	0.0625	0.0255

* p<0.01

Table 7.15 Multiple Regression Analysis of Laissez-faire Leadership and Individual Work Performance Dimensions

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr>t	F	R-square	Adjusted R-square
Task performance	1	0.05218	0.05471	0.95	0.3453	1.22	0.0458	0.0081
Contextual performance	1	0.09340	0.06933	1.35	0.1819	4.43	0.1490	0.1154
Adaptive performance	1	0.07841	0.08106	0.97	0.3365	4.63	0.1544	0.1210
Counterproductive work behaviour	1	0.10468	0.05981	1.75	0.0841*	1.69	0.0625	0.0255

* $p<0.01$

(a) Task performance

For this dimension, the adjusted R-square was 0.0458, the f value 1.22 and p=0.3100. This suggests that there was no relationship between any leadership approaches and task performance. At a 5% level of significance, there was no evidence of any relationship between leadership approaches and task performance. This implies that leaders have no influence on performance levels relating to employees' direct work roles. Managers have no influence in how employees reach their financial targets. Employees may view their leaders as not contributing to how they perform and solely see their task performance as their own contribution without any external contributors.

(b) Contextual performance

Regarding contextual performance, the f value=4.43, p=0.0063 and the adjusted R-square=0.1490. This model was significant with approximately 15% variation explained. There was a relationship between transformational

leadership and contextual performance at the 5% level of significance. Positive significance was evident in the intercept (t=11.03, DF=1, p=<.0001) and transformational leadership (t=1.77, DF=1, p=0.0812). There was no significant relationship between transactional leadership and laissez-faire leadership. This analysis indicated that employees identified their leaders as having an influence on additional activities that employees might be interested in or responsible for and not merely the tasks at hand. Leaders ensure that employees prosper in such roles and do them to the best of their abilities. The literature suggests that leaders are interested in developing employees, in which development doesnot only come from the tasks linked to employee roles but also other tasks that may be of interest to employees.

(c) Adaptive performance

For this dimension, the adjusted R-square was 0.15, the f value=4.63 and p=0.0050. According to this model, it is evident that there was no relationship between leadership approaches and adaptive performance. Similar to task performance, at the 5% level of significance, there was no evidence of any relationship between leadership approaches and adaptive performance. As adaptive performance could be linked to task performance, this model suggests that leaders had no influence on how employees adapt to organisational opportunities that might influence performance. Leaders were not able to ensure that employees adapted to rapid changes and employees felt that adaptation to changing environment and duties was solely their own doing with no influence from leaders. The only significant parameter was the intercept (t=8.73, DF=1, p=<.0001).

(d) Counterproductive work behaviour

This model hada low correlation as the adjusted R-square was low (0.0255), meaning that 6% of the variation in counterproductive work behaviour was explained by this model. At a 5% level of significance, there was a relationship between transformational and laissez-faire leadership and counterproductive

work behaviour. The significant parameters were the intercept (t = 7.11, DF=1, p=<.0001) transformational leadership (t=-1.83, DF=1, p=0.0708) and laissez-faire leadership (t=1.25, DF=1, p=0.0841). Transactional leadership (t=0.34, DF=1, p =0.7348) was not significant, which means that there was no significant effect on counterproductive work behaviour. This is supported by the literature in the sense that transactional leaders may stipulate how employees should react to certain situations and also punish certain reactions instead of developing or trying to understand employees' reactions. Through punishment, employees may avoid responses, whereas transformational leadership looks at developing employees and also empowering them to be able to react to certain work scenarios.

7.5 RESPONSE TO THE HYPOTHESIS

The discussions above dealt with the analysed reliability scores, correlational statistics and inferential statistics through multiple regression analysis. On the basis of this, the hypothesis could be accepted or rejected.

H0: There are no significant relationships between leadership approaches, employee satisfaction and employee work performance.

This hypothesis was **rejected** as the leadership approaches had an influence on both employee satisfaction and employee work performance. Overall significance was also evident between the variables as a whole.

H1: There are significant relationships between leadership approaches, employee satisfaction and employee performance.

This hypothesis is **partially accepted** as the leadership approaches did have a relationship with employee satisfaction and employee work performance but not with all the dimensions in the dependent variables. As is evident from the inferential statistics, there were a few important variables on which the

leadership approaches had no influence at all, that is,in the relationship between leadership approaches and employee satisfaction there was no relationship between the dimensions of operating procedure, and inemployee work performance no relationship between task performance and adaptive performance. These are significant dimensions as they are linked to the direct duties that promote the well-being of the organisation.

7.6 CHAPTER SUMMARY

After careful analysis of the results of this, it was evident that both transformational leadership and transactional leadership play a role in the dimensions of employee satisfaction. Both these variables play a different role in employee satisfaction, in which transactional leadership mostly influences the tangible dimensions of employee satisfaction where physical output is experienced in the sense that it is monetary. Transformational leadership is associated with psychological needs with an employee's work life such as the need for a challenging role and growth. Transformational leadership deals mostly with behavioural attributes employees expect to feel at work. This being said and viewing the dimensions of employee satisfaction, it becomes clear that most dimensions explain one's experience at work more than tangible rewards. On the basis of scores, transformational leadership scored higher overall in its relationship with employee satisfaction. The reliability scores suggest that promotions and operating procedures may not be influenced by leadership approaches as reliability can be considered, and only co-workers can be seen to be reliable.

With regard to work performance, all leadership approacheswere partially considered. Leadership plays a minimal role andthisrelates solely to individuals.Given the reliability scores and mean scores, there wassignificant evidence that this might be true because the Cronbach alpha was satisfactory and the scores were acceptable. The same applied to the mean scores.

The final chapter deals with the conclusions, limitations and recommendations.

CHAPTER 8: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

8.1 INTRODUCTION

Chapter 7 dealt with the research results and indicated that various leadership approaches do influence employee satisfaction and performance. Having also responded to the hypothesis question formulated, it is now time to conclude the research. This chapter discusses the conclusions and limitations of the study and also makes recommendations for application in the organisation and for future research.

8.2 CONCLUSIONS

8.2.1 Conclusions relating to the literature review

The following research aims were formulated for the aims of the literature review:

- To conceptualise the construct leadership approaches.

- To conceptualise the construct of employee satisfaction.

- To conceptualise the construct employee performance.

- To determine the theoretical relationship between leadership approaches and employee and job satisfaction.

The above aims were achieved as it is discussed below:

This study provided an in-depth discussion of the literature pertaining to each variable. Various leadership approaches were discussed independently and the construct of leadership was also explained. The broad perspective pertaining to the leadership construct was given before discussing any of the leadership approaches. Leadership and its effect and importance in organisations were discussed with reference to the context of the financial services environment.

Effective leadership provided insight into what constituted the whole effect in the organisation. This was done despite the leadership approaches that might befound in an organisation. Owing to the fact that leadership is a discipline that has existed for decades, the researcher also deemed it important to address various theories substantiating this construct. The various theories from trait theory to behavioural theory were discussed in detail to explain the cognitive and action side of leadership. Having laid this foundation, various leadership approaches were then described in terms of cognition and behaviour. These approaches included charismatic leadership, transactional leadership, transformational leadership and authentic leadership. These four leadership approaches were discussed to show the evolution of leadership through time and how organisations and experts in various disciplines view leadership. Such leadership approaches may also still be found in organisations, and the aim was to discuss common leadership approaches emerging or existing in organisations.

In this research, the MLQ was used to identify leadership approaches, but the tool that was used only identified transactional leadership and transformational leadership. Only these two leadership approaches were identified because, in terms of charismatic leadership, such attributes exist in the other leadership approaches. Authentic leadership is a growing phenomenon and is also linked to transformational leadership. Transactional leadership and transformational leadership measures have been thoroughly researched and have validity and reliability, and could thus be interpreted quantitatively.

Another variable that was identified was employee satisfaction. This construct was defined to provide insight into exactly what it means. Employee satisfaction is described in various employee satisfaction models, namely the employee satisfaction models of Vilares and Coelho (2000) and Fosam, Grimsley and Wisher (1998), as well as thecausal model of employee satisfaction of Eskildsen and Dahlgaard (2000) and Santos-Vijande and Alvares-Gonzales

(2007). In addition, Kano's model in Maltzer et al. (2004) in the context of employee satisfaction was investigated, and lastly the employee satisfaction model for higher education by Chen, Yang, Shiau, & Wang (2006). What all these models basically symbolise is various attributes that play a role in ideal satisfaction levels according to employees. These models not only identify tangible contributors, but also behavioural and cognitive contributors towards employee satisfaction. Throughout the discussions of these models, the overall aim was to try to present the various dynamics contributing to employee satisfaction and also to show growth in needsof employees. Figure 3.6 in the literature review (the proposed model for employees' satisfaction based on Kano's model) goes beyond this and presentsnot only the contributors to employee satisfaction, but also the reactors, that is, it is a model explaining how employees behave in accordance with how satisfied they are in their respective roles. In addition to the above models, the factors affecting employee satisfaction were addressed. Employee dissatisfaction was also identified and described in terms of what impact it may have in an organisation.

The measuring instrument used to measure employee satisfaction was the JSS of Spector (1994). The aim of this model is to identify stimuli that contribute to employee satisfaction. Dimensions identified reflect the various contributors identified in the modelsas discussed in the literature review. This measure is aimed at identifying tangible, cognitive and behavioural contributors. The JSS identifies the most common dimensions that contributeto junior-level employees in the workplace. This model was also used to identify the most important contributors to satisfaction. This instrument is time-tested and reliable.

Another variable that was identified was employee work performance. This variable was explained in the context of modern organisations where three different levels can be identified, namely the individual, team and organisational levels. Factors driving employee performance were identified and explained in terms of what drives employee satisfaction. In order to gain a deeper

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understanding of employee performance, models of employee performance were identified and explained. One of these models, namely the employee performance model of (Shields, 2007), explains the process flow of employee performance at different levels and what sort of outcome is achieved at these different levels. Two more models were also identified (i.e Hazacha et al., 1993; Hamed &Waleed, 2011), which look at various factors and contributors towards employee satisfaction. Lastly, the importance of maintaining employee satisfaction at all times, by means of performance measurements was explained.

For this model, the IWPQ of Koopmans et al. (2012) was used as a tool that allows employees to measure their own performance with regard to how they think they perform in various areas. This model identifies performance levels in various areas in the work environment and goes a step further by identifying and measuring duties that employees might perform in their work environment unrelated to their current roles. It also measures emotional intelligence in terms of how employees react to performance-related stimuli that may be unforeseen. This measure was used as a tool individuals could use to identify their own performance levels. The measure gathered data for the study only from employees (not their seniors) as it already uses measures for generating performance ratings. The IWPQ allows employees to measure their own performance atthree levels, these being at individual, team and organisational levels.

In concluding the literature review, the final review was based on linking all variables as discussed in detail in the preceding chapters by identifying what had been researched in terms of each leadership approach and employee satisfaction and employee performance. This was analysed to determine the impact each leadership approach and leadership as a whole had on satisfaction and performance before administering the measuring instruments identified.

8.2.2 Conclusions relating to the empirical study

The overall aim of this research was to determine the relationship between leadership approaches as the independent variable and employee satisfaction and employee work performance as the dependent variables.

8.2.2.1 Measuring instruments used and their dimensions

As stated previously, the following three measuring instruments were used in this study to represent three of the variables identified:

- the MLQ developed by Bass and Avolio (1990),
- the JSSdeveloped by Spector (1994), and
- the IWPQ developed by Koopmans, Hildebrandt, Buuren, Van der Beek and De Vet (2012).

In addition, the biographical questionnaire was also used to describe the sample. All these measuring instruments representing the three variables were described including background information on them and how they were developed, how they are administered and how the results are interpreted. Reliability and validity were also explained and substantiated from previous research. Justification for each instrument's selection was also explained. The various measures had different numbers of dimensions.The MLQ hasthree dimensions and seven subdimensions identifying various leadership approaches, the JSS has 11 dimensions and the IWPQ has four dimensions identifying areas of performance.

8.2.2.2 Population and sample selected

The population was defined and contextually described. The sample was identified and using the biographical questionnaire, various questions were asked in order to determine whether the sample represented the population. This was done by identifying the age, race, gender, hierarchy levels, qualifications and departments of the participants. This information was then interpreted to determine which areas of the population were represented.

8.2.2.3 Processing of data

Cronbachalpha coefficientswere used to identify reliability levels.Means and standard deviationswere used to determine the distribution of variable data and describe the scores that contribute to reliability levels. Correlational analysis was conducted to describe the relationship between two variables, particularly the relationship between the leadership approaches and employee satisfactionand employee work performance. In addition, multiple regression analysis was conducted to determine the influence of leadership approaches on the two dependant variables (employee satisfaction and employee work performance).

The level of significance was used to determine the nature of the relationships between variables. Level of significance determines the impact the leadership approaches have on employee satisfaction and employee performance. Level of significance was thoroughly explained before the results were explained to indicate how the dimensionswere interrelated and also how the overall variables were interrelated. The hypothesis could then be tested.

8.2.2.4 Results and findings

The following research aims were formulated for the aims of the literature review:

- To investigate the leadership approaches in the financial services environment.

- To investigate employee satisfaction dimensions in the financial services environment.

- To investigate employee performance dimensions in the financial services environment.

- To investigate the relationship between the leadership approaches, employee satisfaction and performance.

- To draw conclusions, highlight limitations and make recommendations in the field of industrial and organisational psychology.

The empirical aims were achieved and are discussed below: The overall results and findings were positive because it was established that as each leadership approach does have an influence on employee satisfaction and performance. The employees recognised the various styles of leadership applied to them,and these had different effects on the specified dependent variables. This study indicated that leadership does contribute to satisfaction levels and performance.

Despite the above, an in-depth look at dimensions that have no significant relation with leadership approaches is also needed. As necessary as it is for leaders to influence aspects of job satisfaction and performance, it is also important for them to influence the core elements that have a direct impact on the organisation's performance and competiveness.

Dimensions that were not influenced by leadership approaches are operating procedures, task performance and adaptive performance. This means that Hypothesis 1 (H1) was not fully accepted. There is minimal influence in procedures, thus leaving employees feeling that the complying with procedures may not be related to performance. Recommendations for future studies would be to investigate from a leadership perspective, how leaders perceive themselves to have control over performance and how performance is achieved through procedures - that is, how leaders influence employees through functional leadership. This could be further researched through team dynamics and how leadership manages functionality of teams and ensures that

functionality is owned through the leader and the team, and not by any external factors.

8.3 LIMITATIONS

The limitations of the literature study and empirical investigation are discussed below.

8.3.1 Limitations of the literature review

Studies on leadership approaches, employee satisfaction and employee performance are available, but tend to be limited as explained below.

- Most of the studies available concentrate on a few leadership approaches, which include transactional and transformational leadership.

- A few studies in South Africa focus on the financial services environment, but deal with a different context within the industry (notthe foreign exchange context).

- Few South African studies include the three variables used in this research, but focus on leadership and include other variables.

8.3.2 Limitations of the empirical study

In terms of the empirical study using the MLQ, JSS and IWPQ, their limitations were based on the following:

- Not all demographics were represented. No whites were included in the study and no one from the older generation.

- These results only represent entry-level staff and not senior staff.

- A larger sample would have indicated better significance levels and larger demographics.

- Only one sectorin the financial services was represented, namely debt collection.

8.4 RECOMMENDATIONS

Based on the research outcomes, conclusions and limitations of this study, recommendations for Industrial and Organisational Psychology (IOP) and future research are highlighted below.

8.4.1 Recommendations for the profession and practitioners in the field of IOP

The main purpose of this research was to indicate how various leadership approaches and employee satisfaction and employee work performance are interlinked in organisations. Based on findings it is evident that employees identify various leadership approach traits in all leadership approaches contributing to their satisfaction. It is evident that overall, employees are satisfied with regard to how they are being led, but there are certain areas that could be improved and/or developed for leadership to further influence employee satisfaction. The following organisational interventions, in terms of leadership and its influence on employee satisfactionare recommended:

- In terms of development and growth in the organisation, leaders should attempt to create career paths and make it possible for employees to be promoted in their roles. This stated, the organisation should empower leaders more to enable them to initiate growth patterns in the organisation. It should be evident to employees that their leaders are in fact able to influence growth in the organisation. If promotions are not initiated by direct managers, there will be a discrepancy with regard to who is selected for a higher role.

- Organisations need to empower leaders to influence procedures, and not merely abide by them. Employees are not satisfied with operating procedures which may be a result of lack of inclusion. Managers should include individuals who comply with procedures on a daily basis so that they are included in the development of procedures. There is no influence from leaders on this role, and organisations should again empower leaders on matters of trade.

- Leaders should be team playersas well. They should be able to influence team dynamics and relations and should not simply rely on team members to ensure this, because if there is a break in relations, the team leaders' interventions will not be able to resolve conflict. Organisations should promote teams and team leadership.

- Organisations should invest in training and development in order to improve the leadership qualities that leaders possess. Organisations should work towards authenticity because it is a growing phenomenon best suited to leadership going forward. This requires individuals to move from a transactional approach towards a transformational approach. Transformational leaders should also be concerned with the rewards approach to satisfy employee monetary needs.

From the research findings, it is evident that no leaders in the organisaiton have any influence in employee performance and play no role at all. A lot of effort has to be put into performance management. The following organisational interventions in terms of leadership and its influence on employee performance are recommended:

- Performance measures should be reviewed to determine if a leader's role is evident in setting up of goals with monthly, quarterly or annually. This process should be conducted with all relevant stakeholders affected by performance measures, that is, employees and their managers.

- Employees should be thoroughly conversant with performance measures so that they understand how they can work towards their goals.

- Managers and organisations should set realistic goals relating to employees' capabilities and provide development plans relating to any aspiring goals that the organisation would like the employees to meet.

- Organisations should educate leaders more in effective performance measures that are reliable and valid, feasible and achievable and have thorough follow–ups.

- Organisations should broaden performance attributes, not only to be specific to key performance areas relating to the job, but also to consider additional attributes that could contribute to employeesperforming their duties.

- Induction training could be improved to educate employees on how organisational performance systems are structured and their overall expectancy.

- Leaders should on eitheron a quarterly or half-annual basis set up one-on-one discussions with staff members (those performing and not performing) to establish any performance-related concerns.

- Leaders should not only intervene when employees are not performing but also when they are performing to ensure that high performance is maintained.

- Promotion of training and development should be emphasised and employees should be developed in the right attributes, with effective performance systems. Managers should then be able to identify key areas for improvement and implement development. With current BEE changes and increased training budgets, there is no reason why employees should not utilise this to their advantage for increased performance.

8.3.2 Recommendations for future research

These recommendations apply to individuals in organisational settings, people managers, human resource professionals or industrial psychologists. The following recommendations are based on the conclusions, limitations and specified recommendations and are as follows:

- In enhancing reliability and validity, future research should look at obtaining a larger sample to represent the entire population in the organisation, including various hierarchy levels.

- There is a need for further studies on authentic leadership in South Africa, and researching and applying measuring instruments for authentic leaders in the organisation.

- Further research could be conductedwith regard to both dependent variables and how they influence each other and not just leadership.

- Lastly, further research could study employee performance in detail and how leadership could influence it.

8.5 CHAPTER SUMMARY

This chapter discussed the conclusions drawn inthis study, in terms of both the theoretical and empirical studies. It also identified limitations in the theoretical and empirical studies. In addition, recommendations for the profession of IOP, practitioners, the organisation and future research were made to improve the role of leadership approaches in influencing employee performance and satisfaction.

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