



Universiteit van Pretoria
University of Pretoria



GORDON INSTITUTE
OF BUSINESS SCIENCE

**A Study of the Relationship between Leadership Style and Performance- a focus
on South African listed and non-listed companies**

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A research project submitted to the Gordon Institute of Business Science,
University of Pretoria, in partial fulfilment of the requirements for the degree

Of

Master of Business Administration

11 November 2009

Abstract

The topics of leadership and strategy have attracted considerable interest from both academics and practitioners. Much of the interest in the two areas is based on explicit and implicit claims that both leadership and strategy are linked to organisational performance. This paper examines the nature of the relationship between participative leadership style and performance, and authoritative leadership style and performance. The study hypothesised that authoritative leadership style leads to achievement of the objectives of a strategic plan (hypothesis 1), and that participative leadership style leads to achievement of the objectives of a strategic plan (hypothesis 2).

The research was a quantitative study. Data was collected by means of a questionnaire, which was emailed to 200 randomly selected respondents. 48 responses were received. This represents a total response rate of 24%. Of the total 48 responses, 10 were eliminated from the study due to errors. A linear regression method was used to test the hypotheses.

The regression analyses have revealed that participative leadership style and performance, and authoritative leadership style and performance are not related. The two variables each explain less than 1% of the variance in performance. As a result, both null hypotheses were not rejected. The paper concludes with a number of implications for future research studies.



Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Signed: _____

Date: _____



Acknowledgements

Firstly I would like to thank God for guiding me throughout this journey. Without His support, this research project and MBA programme would have not been possible. Secondly I would like to thank my supervisor, Dr. Raj Raina, for all the support, courage, advice and availing his most precious time to guide me throughout the research project.

Special thanks to my wonderful family, friends and dear colleagues at the Development Bank of Southern Africa for your generous support and motivation.

This project would not have been possible without the support and love of my life-long partner, Lizeka Zwane. You were there with me every step of the way. Thank you for the support. You remain the pillar of my strength.



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1. CHAPTER 1: INTRODUCTION

1.1. Introduction

Many companies fail to become what they want to be because they cannot translate their business strategies into action. Formulating and communicating a strategy is not enough. To realise it fully, effective implementation and leadership is critical. When it comes to the time of implementing a strategy, many companies find themselves stymied at the point of execution (Hsieh and Yik, 2005).

The shortcomings of a bad strategy are usually painfully obvious. But good strategies fail too. An efficient strategy implementation has an enormous impact on a company's success (Raps, 2004). Pryor, Anderson, Toombs and Humphreys (2007, p.4), suggest that ineffective implementation can cripple the firm, as the needed strategic planning skills and processes are wasted. On the same note, Hanley (2007) argues that strategic initiatives often fail to achieve results because of problems in execution.

There are many reasons why strategies fail. The purpose of this study is not to look at the reasons why strategies fail, but rather to highlight the important role that leadership style plays towards achieving success in a strategic plan of an organisation. Understanding the thought processes and behavioural skills that influence organisational performance in today's rapidly changing business environment is crucial (Bailey, 2003).

According to Arvonen and Pettersson (1999), different leadership styles have different effects on organisational performance. This view is supported by the findings of a study conducted by O'Regan and Ghobadian (2004), which revealed that transformational leadership style had the greatest impact on performance compared to other types of leadership.

Leadership literature underscores the significance of the role of leadership in strategy and organisational performance, for example, Andrews (1999, p.20) asserts that the role of leadership is important and sometimes decisive in the accomplishment of strategy.

Relevant research has been conducted by scholars in several distinct subfields, including leadership, strategic management, human resources, organisational culture and organisational change. The literature has revealed a link between leadership and organisational performance by arguing that the effectiveness of a leader is a major determinant of the success or failure of an organisation.

Different types of leadership styles emerged from the literature review, which include participative, authoritative, coaching, neutral, transformational and transactional. There is no agreement to date on the accepted style of leadership. Most of these styles have overlapping attributes. The literature has revealed many studies conducted to investigate the relationships between transformational and transactional leadership style to performance. However, very little research has been conducted to investigate the link

between participative and authoritative leadership style and organisational performance. As a result, the present study is focused on the relationships between participative leadership style and performance, and authoritative leadership style and performance. Thus, the questions that have been asked in the questionnaire were consistent with the two typologies.

The aim of this paper is to provide empirical evidence of the links between different types of leadership styles, namely participative and authoritative and performance, which, for the purpose of this study, has been defined as achievement of objectives of a strategic plan of an organisation. This is achieved through the presentation of the results of a cross-sectional survey of leadership styles and performance across South African companies.

The study seeks to answer the following fundamental question: *Is leadership style a significant factor in achieving the objectives of a strategic plan?*

1.2. What evidence verifies the identification of the problem?

According to Allio (2005) and Sterling (2003), data shows that the majority of strategy initiatives are unsuccessful. This view is supported by findings from a study conducted by Fortune Magazine (Gurowitz, 2007), which revealed that less than 10% of strategies are successfully implemented. Although the growing need for change in organisations is widely acknowledged by researchers, it is alleged that up to 70% of change initiatives fail (Higgs and Rowland, 2005). Bossidy and Charan (2002), say strategies fail because

top-management does not make a realistic assessment of whether the organisation can execute the plan.

The success of a strategy depends on how well it is implemented but Schaap (2006) argues that execution cannot succeed unless the strategy itself is designed to be executable. As bad as this might sound, good strategies can fail too. That is to say, a strategy which could not be implemented, no matter how good it is, is bound to fail (Colville and Murphy, 2006).

1.3. Why was this topic selected?

The topic was selected primarily for academic reasons. The topics of strategy and leadership have attracted considerable interest from both academics and practitioners. The literature on leadership provides insights about the influence of leadership style of top executives on firm performance. Research to date has thus left us with a clear understanding of the existence of different aspects of leadership, including leadership style, which are hypothesised to influence organisational performance in different ways. However, little critical research attention has been devoted to understanding the links between the leadership style and achievement of objectives of an organisational strategic plan. The present study hopes to close this gap and establish a relationship between leadership style and performance, which, for the purpose of this study, is defined as the achievement of the objectives of a strategic plan. The study focuses on performance at an organisation level and not at an individual level. In light of this gap this research could be of benefit to companies and managers.

Hsieh et al. (2005), believes that thinking about leadership up front can affect the direction, the path and the actual outcome of a strategy. Furthermore, they caution that failure to assess leadership capacity systematically before launching strategic initiatives can leave to executives scrambling to fill gaps at the last minute – with significant consequences. Organisations are reflections of their leaders. The values and beliefs of the leader frame how issues are interpreted and acted upon. The choices that leaders make then affect organisational performance (Boal and Hooijberg, 2001).

1.4. What is the relevance of this topic of business in SA?

This study contributes to academic literature in several ways. Given the high failure rate of strategic initiatives, this study seeks to raise awareness about the role of leadership style achieving objectives of an organisational strategic plan, which has implications for managers in companies. This study is unique because it focuses solely on the relationship between performance and two types of leadership styles, namely, participative and authoritative leadership. Moreover, this is the first study of its kind in South Africa to explore the relationship between leadership style and performance. By focusing on leadership style and performance, the study hopes to shed some light on how leadership style influences the achievement of the objectives a strategic plan of an organisation.

The paper begins with a brief review of the literature on strategy, strategy implementation and leadership. This is followed by a discussion of the methodology adopted for the study and the presentation of the findings and analysis of responses to

a mailed questionnaire exploring the links between the participative leadership style and performance and authoritative leadership style and performance. In the final part of the paper, the conclusions and implications of the study are highlighted.

2. CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The purpose of this chapter is to present a review of an existing body of knowledge which is of relevance to this research. The literature review covers three areas of interest, namely strategy, strategy implementation and leadership. The headings of the research report and some of the literature under these headings are set out in this section. The literature used for the identification of constructs is based on published articles in peer-reviewed journals.

2.2. Strategy

Before looking at the relationship between strategy and leadership styles, and performance, which is defined as achievement the objectives of a strategic plan, it is necessary to first, define and understand what strategy means. What is strategy? Different scholars have provided different definitions to the concept of strategy. Strategy is an outcome of a continuous process of strategic management. According to literature, the concept of strategy was borrowed from the military and adapted for use in business. Strategy is a term that comes from the Greek strategia, meaning "generalship." In the military, strategy often refers to manoeuvring troops into position before the enemy is actually engaged (Andrews, 1999). Strategy, then, has no existence apart from the ends sought. It is a general framework that provides guidance for actions to be taken and, at the same time, is shaped by the actions taken (Thompson, Strickland and Gamble, 2005). On the same note, O'Regan and Ghobadian (2004, p.78), suggest that strategy

articulates the means by which an organisation endeavours to convert its intentions into organisational capability.

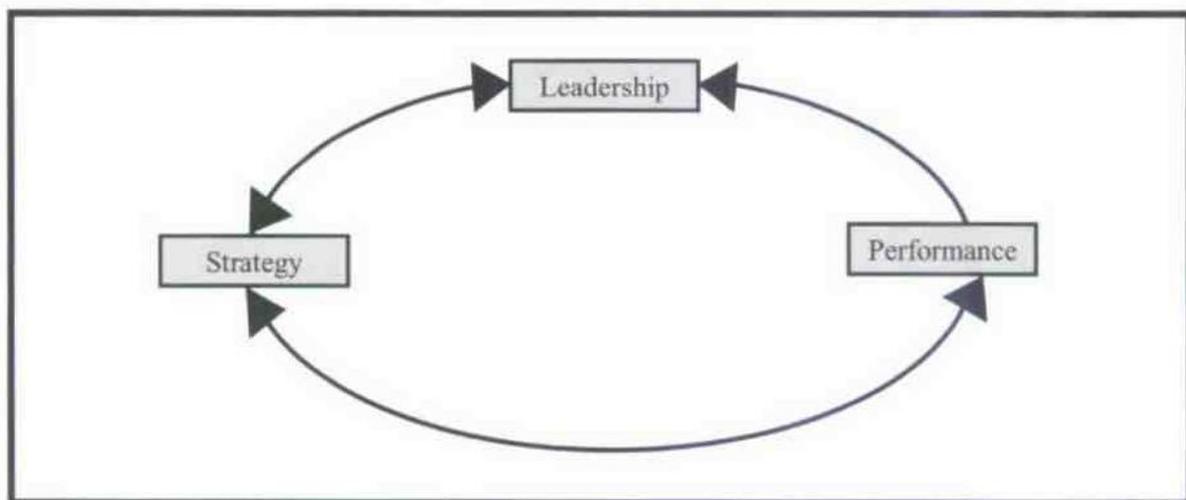
Strategy represents the organisation's chosen mode for interacting with its task environment (Gupta, 1987). It is a learning process, much like the scientific process of hypothesis testing (Beatty and Quinn, 2007, p.11). This means that the necessary precondition for formulating strategy is a clear and widespread understanding of the ends to be obtained.

Andrews (1999, p.13) defines corporate strategy as the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organisation it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities. All businesses compete for customers in an external product-market environment (Gupta, 1987). Strategy involves evaluating different set of actions and promoting those which maximise opportunities for organisational survival (Colville et al., 2006).

Strategy articulates the means by which an organisation endeavours to convert its intentions into organisational capability (Thompson et al., 2005). This enables the organisation to take advantage of its external opportunities and minimise the threats that it faces. More specifically, strategy entails the formulation of options to meet

organisational objectives, and ensure that the organisational resources are available for the effective deployment of the chosen strategic direction on a short to medium term basis (O'Regan and Ghobadian, 2004, p.78). Formulating strategy is not an event followed by implementation. For Gavetti and Rivkin (2007, p.423), a strategy is a management team's way of seeing its place in its environment as well as the firm's way of interacting with the environment. The link between strategy, leadership and performance is best illustrated by the following model proposed by O'Regan et al. (2007):

Figure 1: The Leadership-Strategy-Performance Relationship



According to Franklin (2001), much of strategy theory and practice is based on the *positioning school* of strategy thinking, which has given us a new vocabulary such as:

- the five forces;
- competitive advantage;
- generic strategy; and
- the value chain.

While much of this vocabulary might have been new, but (Franklin, 2001), argues that many of the ideas are echoes of former work in micro and industrial economics that best suits a more deterministic world, a world where there is little change and uncertainty, a world where the gaining and maintaining of competitive position can be easily analysed and, with appropriately managed resources and some managerial flair, won and maintained. In this study, strategy is defined as a set of actions that guides a company towards achieving its particular business objectives.

For a strategic plan to be successful it has to be well implemented. Many researchers have highlighted and emphasised the importance of strategy implementation as a critical component of the strategic management process. Execution is at the core of business success (Joyce, 2005). In the section that follows we review the theoretical base on strategy implementation.

2.3. Strategy implementation

A brilliant strategy is of little value unless it can be implemented effectively. Strategy implementation is an integral part of strategic management process. Some scholars believe that strategy implementation is more important than the actual strategic choices that are made. Strategy making does not stop with identification of a new strategy (Snabe and Gröbler, 2006). Implementing a strategy is just as important as formulating one. The strategy implementing task is easily the most complicated and time-consuming part of strategic management (Thompson et al., 2005).

Strategy implementation deals with the managerial exercise of supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed, and showing measurable progress in achieving the targeted results. Strategy implementation involves multiple levels of analysis which hinders the development of closed frameworks and of coherent streams of research (Lehner, 2004, p.460).

The implementation of strategy is comprised of a series of sub-activities that are primarily administrative (Andrews, 1999). Andrews' view is further supported by Farjoun (2002, p.564), who suggests that strategy implementation comprises of a series of primarily administrative activities and includes the design of organizational structure and processes, and the absorption of policy into the organisation's social structure.

Yuki and Lepsinger (2007), define strategy implementation as a process of translating strategy into successful business results and maintaining efficient, reliable operations. Implementation is a hands-on operation and action-oriented human behavioural activity that calls executive leadership and key managerial skills (Schaap, 2006). A unique corporate strategy is only rhetoric until it is embodied in the organisation activities that are guided by the strategy but in turn continually reshape it (Andrews, 1999, p.81).

An idea is not complete or even completely understood until it is put into action. Cascella (2007, p.66) argues that to translate strategy into action, quantifiable goals must be established for processes that are inherently linked to the strategy and for the departments and functions that contribute to process performance, while Gavetti et al.

(2007, p.423), argue that strategy formulation is not only complete when a management team has pinpointed its broad goals and intended type of competitive advantage, but when it has nailed down the target scope of its advantage and specific activities throughout the value chain.

In today's business environment characterised by rapid changes, savvy executives realise that implementation is just as critical, if not more so, than the development of effective strategies (Pryor, Anderson and Humphreys, 2007). This view is supported by Morten, Kjell and Simen (2002), who argue that in order for companies to realise their strategic objectives, it is essential that strategies are successfully implemented. Consistent with this reasoning, the authors (Braganza and Korac-Kakabadse, 2000), asserted strategic implementation as a primary element in successful organisational performance. A common criticism towards top management is that even sound strategies fail on implementation or lack of follow through.

Strategy implementation also includes more traditional aspects of managing internal change such as communication and support building (Farjoun, 2002). Implementation efforts can be derailed by a number of different factors including a lack of commitment on the part of key managers, a lack of committed resources or an ineffective project management structure (Hanley, 2007). Managers can use a range of incentives to drive behaviour to ensure that the objectives of the strategy are accomplished. The executive who refuses to leave the implementation of strategy to chance has available diverse

means of encouraging behaviour that advances strategy and deterring behaviour that does not (Andrews, 1999, p.102).

2.3.1. A conceptual model of strategy implementation

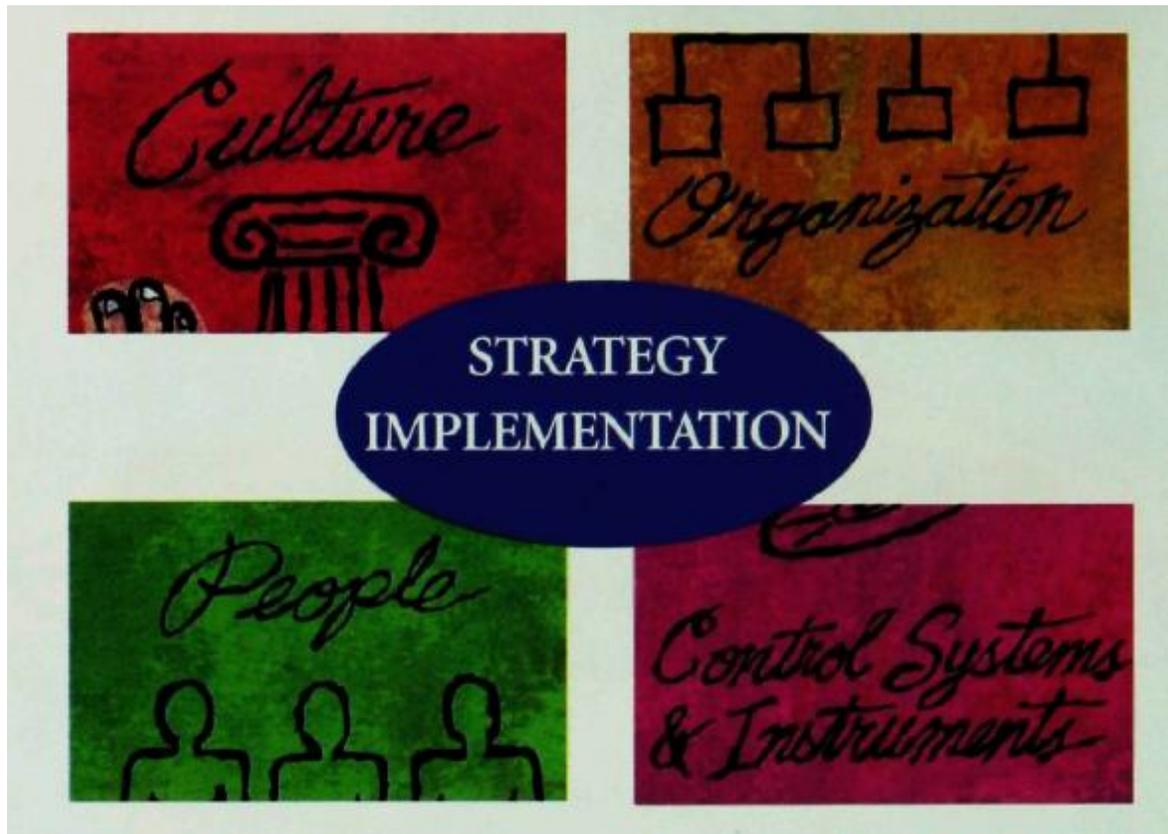
The strategy implementation literature presents various models showing the organisational characteristics suggested as significant factors for effective strategy implementation. A true strategy is the act of aligning operations and improvements with business goals, and there's only one way to do this successfully: by focusing on three keys for translating strategy into action-processes, measurement, and accountability (Cascella, 2001, p.65). True, mutual coordination of strategic decisions also depends on the features of a corporation's strategic planning system (Gupta, 1987).

Traditional strategy implementation concepts overemphasise structural aspects, reducing the whole effort to an organizational exercise. Ideally, an implementation effort is a "no boundaries" set of activities that doesn't concentrate on implications of only one component, such as the organisational structure. When implementing a new strategy, it's dangerous to ignore the other components because strategy implementation requires an integrative point of view (Raps, 2004).

Strategy implementation must account for the inexorably intertwined elements of culture, organisation, people, and systems. One reason for the dreadful success rate of strategies is the lack of an integrated viewpoint (Beer and Eisenstat, 2000; Raps, 2004). According to Raps (2004), there are four critical success factors in strategy

implementation, namely, culture, organisation, people and control process (control systems and instruments).

Figure 2: Strategy implementation key success factors

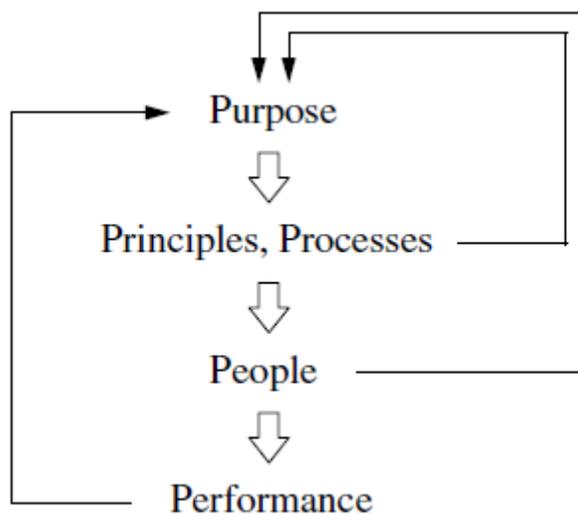


Source: Raps, 2004

The authors, Pryor et al. (2007, p.6), advocate an implementation model that incorporates the various functional areas involved from a strategic and tactical perspective. When correctly applied, such a framework would require decisions and actions that are strategic in nature but also behavioral and tactical, requiring specific elements to be in place and aligned throughout the organisation to create efficiency and effectiveness.

Although creative chaos can help formulate strategy, a more administrative strategy implementation demands discipline, planning, motivation, and controlling processes. The implementation process normally demands much more energy and time than mere formulation of the strategy (Raps, 2004, p.53). Consistent with this perspective, Pryor et al. (2007), offered the 5P's Model as a process for strategic quality management. The model is described below:

Figure 3: The 5 P's Paradigm



Source: Pryor, Anderson and Humphreys

The arrows in Figure 1 depicts the connection between strategy (Purpose) and structure (Principles as internal structures and Processes as external structures) and the influence of structure on employee behavior (People) and corresponding results (Performance). Processes are the vehicles that turn strategy into action and how a

business performs these processes is often what differentiates it in the market place and ultimately determines its success (Casella, 2001). As reflected in this graphic, strategy drives structure; structure drives behavior; and behavior drives results. The arrow from Performance to Purpose represents the feedback mechanism for guiding an organisation toward its objectives. This consistent and continual feedback connection is essential to successful implementation and management of organisational strategies (Humphreys, 2004).

The primary motivation of this framework was to guide an organization toward performance excellence, world-class status, and long-term survival. Business strategies that fail often do so, not because of anything wrong with the ideas, but rather because the organisation is not coherently focused on achieving them Casella (2001). By linking individual performance to process improvements and outcomes, and by rigorously measuring outcomes against established targets, any business can meet the challenge of successfully translating strategy into action (Casella, 2001, p.71).

2.3.2. Leadership as part of strategy implementation

The quality of leadership and strategy is widely viewed as instrumental in maintaining and improving competitive performance (O'Regan et al., 2004; Casella, 2001). Furthermore, O'Regan et al. (2004), argue that the gap between strategy and intended strategy is, among other factors, a function of the quality of the organisation's leadership. One of the central challenges of modern organisations is strategic leadership at all levels of the firm (Bailey, 2003). The task of leadership is to ensure the

effective deployment of corporate strategy (O'Regan and Ghobadian, 2004, p.79). Furthermore, O'Regan et al. (2004), argue that empirical research have shown that leadership and strategy are positively related.

More recent studies conclude that leadership is a requirement of strategic success (O'Regan et al., 2004). As the number of strategic dimensions and corresponding initiatives increases, so does the pressure on leadership (Hsieh et al., 2005). The role of leadership is important and sometimes decisive in the accomplishment of strategy (Andrews, 1999, p.20).

Leadership has been explored as a question of meaning to look at how people are manipulated into co-operation and high levels of effort, or how culture can be created. With such as an agenda leadership and strategy become synonymous as both concepts are concerned with creating organisational cultures and structures that promote and achieve results (Colville et al., 2006). It is clear that the driving force connecting strategy and an organisation can only be leadership, leadership at all levels. This view is supported by O'Regan et al. (2004), who suggest that the formulation and deployment of strategic actions by effective leaders result in strategic competitiveness and above-average returns. Furthermore, O'Regan et al. (2005, p.79), argue that the principal task of leadership is to ensure the effective deployment of the corporate strategy. Building on this view, Cascella (2007, p.69) believes that to achieve its strategy, a business must create an organisational culture that fosters alignment between the strategy and the work that is performed within each department and function.

According to Hsieh et al. (2005), strategy will not succeed in a void, and leadership often makes the difference between merely reaching for great opportunities and actually realising their potential. Furthermore, Hsieh et al. (2005), argue that even the best strategy can fail if a company does not have a cadre of leaders with the right capabilities at the right levels of the organisation. For leaders, closing the gap between strategy and implementation requires focusing on clear priorities, creating common understanding through real dialogue, and engendering a learning orientation in the organisation. When these things happen, strategy is a shared understanding that exists in the fabric of the organisation (Beatty and Quinn, 2007).

Implementation is a hands-on operation and action-oriented human behavioural activity that calls for executive leadership and key managerial skills (Schaap, 2006, p.15). Furthermore, Schaap (2006) argues that successful strategy implementation is determined by the logical decision and actions of all employees at all levels of the organisation, and not just by the people who are responsible for formulating strategy. This view is supported by Raps (2004) who says senior executives must not assume that lower-level managers have the same perceptions of the strategic plan and its implementation, its underlying rationale, and its urgency.

Communication is an important aspect of leadership. The problem of Communication or lack of it occurs more frequently than most managers can admit. Communications issues pose the greatest threat to successful strategy implementation (Hanley, 2007).

Communication and shared understandings play a crucial role in the strategy implementation process. Strategic initiatives often fail to achieve results because of problems in execution: communication breakdowns, corporate culture and failure to track and measure results (Hanley, 2007). Lehner (2004) argues that communication and shared understandings play a principal role in the strategy implementation process.

Companies have long known that, to be competitive, they must develop a good strategy and then appropriately realign structure, systems, leadership behaviour, human resource policies, culture, and values anti management processes (Beer and Eisenstat, 2000, p.29). This however, is easier said than done. Top management's principal challenge in the cultural context is to set the culture's tone, pace, and character to see that it's conducive to the strategic changes that the executives are charged with implementing.

Raps (2004, p.50) argues that, when implementing strategy, the most important facet is top management's commitment to the strategic direction itself. In fact, this commitment is a prerequisite for strategy implementation, so top managers have to show their dedication to the effort. Between the ideal of strategic alignment and the reality of implementation lie many difficulties.

Leadership plays a crucial role in strategy implementation. Leaders serve as valuable role models when they make decisions based on data and processes and when they continually reinforce the strategic importance of process improvement (Casella, 2007,

p.77). It is the responsibility of leadership in any organisation to communicate the strategy to obtain buy-in and support from the rank and file members of the organisation to ensure that the strategy is translated into actions. Snabe et al. (2006), say it is critical that a large number of employees understand why the organisation must change as well as understand the reasoning behind the new strategy. The role of leadership in strategy is supported by Beer et al. (2000), who argues that leaders must engage people throughout the organisation in an honest conversation to identify barriers and underlying causes to strategy implementation.

Lehner (2004), Snabe and Gröbler (2006), argue that, for an effective implementation of results not only organisation decision-makers on top hierarchical levels need to be subscribe to new policies and strategies, but also the involvement, motivation and knowledge of organisational members from other levels are necessary and crucial for success.

Implementation efforts can be derailed by a lack of commitment on the part of key managers (Hanley, 2007). Moreover, Hanley (2007), says once strategic initiatives are launched, executives must take a concerted effort to ensure that change takes place and sticks, otherwise employees can revert to past patterns. When this happens, financial and business performance targets are at risk.

Schaap (2006) highlights the following nine steps, which provide a comprehensive framework for understanding the role of leadership in strategy implementation:

- Staffing the organisation with the needed skills and expertise, consciously building and strengthening strategy-supportive competencies and competitive capabilities, organising the work effort.
- Creating a company culture and work climate conducive to successful strategy implementation and execution.
- Developing budgets that steer ample resources into those activities critical to strategic success.
- Ensuring that policies and operating procedures facilitate rather than impede effective execution.
- Using the best-known practices to perform core business activities and pushing for continuous improvement. Organisation units to periodically reassess how things are being done and diligently pursue useful changes and improvements.
- Installing information and operating systems that enable company personnel to better carry out their strategic roles daily.
- Motivating people to pursue the target objectives energetically and if need be, modifying their duties and job behaviour to better fit the requirements of successful strategy execution.
- Tying rewards and incentives directly to the achievement of performance objectives and good strategy execution.
- Exerting the internal leadership needed to drive implementation forward and keep improving on how strategy is being executed.

2.4. Leadership

Leadership is a multi-dimensional concept. It is one of the most widely studied constructs in the management field and has many definitions (Schneider, 2002). On this note, Leavy (1996) says leadership remains one of the great conundrums of social science.

Leadership is not defined merely as a reaction to situational events, but rather as a process that is shaped in multiple ways by contextual forces and dynamics. This study considered the concept of leadership by using a conceptual approach and is built around two leadership styles and their relations to achieving objectives of a strategic plan of an organisation. Some researchers suggest that leaders in an organisation can either be formal or informal. In this study the focus is on leadership styles of formal leadership positions.

The most current theory on leadership considers leadership as a process in which leaders are not seen as individuals in charge of followers, but as members of community of practice (Takala, 2005). Consistent with this view, (Lehner, 2004), proposes a theory of leadership as a process. With this view, leadership is not defined as the characteristics of a leader, but instead is the process of coordinating efforts and moving together as a group. This is further supported by O'Regan et al. (2004), who define leadership as the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of the group's mission.

A lot has been written about the distinction between leadership and management or rather the role of leaders and managers in an organisation. Some scholars define leading and managing as distinct roles, but there is considerable disagreement about the appropriate definitions and the relative importance of the two roles. In the present study the author recognises that both functions support and complement one another. Both roles are needed but it is clear that some managers will be able to offer leadership in addition, whilst some cannot (Spurgeon and Cragg, 2007). Furthermore, Spurgeon et al. (2007), argue that many outstanding leaders are also managers, but that is not necessarily the case for all leaders. Consistent with this reasoning, Humphreys (2004) says strong leadership with no management risks chaos, and the organisation itself may be threatened as a result.

Leaders in an organisation fulfil a number of different roles. These functions are those of setting goals, planning how to achieve them, controlling operations so that the organisation stays on course, coordinating interdependent activities, developing and managing an organisation structure to get tasks accomplished, and leadership and motivation of the staff. Some of these roles may be generic to all managers; others may be more specialised by industry, the manager's level or function in the organisation (Khandwalla, 2004, p.10).

It is not necessary that the leadership functions be accomplished by a single person. The leader is responsible for ensuring that these functions are accomplished (Burke, Stagl, Klein, Goodwin, Salas and Halpin, 2006). The performance of the manager

depends considerably on how well his/her multiple roles are played. In turn, how well these roles are played by the managers of an organisation influences the performance of the organisation (Khandwalla, 2004, p.12). In this study, the term leader or manager is used interchangeably to describe a manager within an organisation.

Academic literature highlights different leadership styles, ranging from participative to authoritative leadership styles. Takala (2005, p.45) states that transactional approach leaders are seen as a people who guide and motivate their followers in the direction of established goals by clarifying their role and task requirements. There is also another type of leader who inspire followers to transcend their own self-interest for the good of the organisation and how is capable of having a profound and extraordinary effect on his or her followers. Other studies which examine the links between leadership and performance coincide with the re-emergence of the 'one best way to lead' debate. Of particular relevance is the resurgence of interest into charismatic leadership, which is frequently referred to as transformational leadership (Leavy, 1996).

The definitions described above are all conceptual. In this study, leadership is defined as those management's leadership behaviors and activities that will transform a strategic plan into action and ensure that its objectives are achieved. Most researchers on leadership in the strategy field acknowledge that there are many challenges that are encountered, most of which have to do with differences in definition of the concept. Strategy is just as complex a concept as leadership. Both concepts defy easy definitions. Many challenges remain in the way of those who wish to study the

phenomenon within the strategy field (Leavy, 1996). The different constructs that have been identified from the literature on leadership are discussed in the section that follows.

2.5. Leadership constructs

Different authors have discussed different constructs on the concept of leadership. The following leadership constructs were identified from the literature review:

- Style;
- Power;
- Authority; and
- Culture.

2.5.1. Leadership style construct

According to Arvonien and Pettersson (1999), different leadership behaviours have different effects on organisational outcomes. On this note, Avolio, Zhu, Koh and Bhatia (2004) suggest that leadership style is positively associated with organisational commitment in a variety of organisational settings and cultures. This view is consistent with the theory of transformational leadership.

A number of researchers theorise that transformational leadership is linked to organisational performance. Transformational leaders influence followers' organisational commitment by encouraging followers to think critically by using novel approaches, involving followers in decision-making processes, inspiring loyalty, while recognizing

and appreciating the different needs of each follower to develop his or her personal potential (Avolio et al., 2004, p.953). Furthermore, the authors argue that transformational leaders are able to influence followers' organisational commitment by promoting higher levels of intrinsic value associated with goal accomplishment, emphasising the linkages between follower effort and goal achievement, and by creating a higher level of personal commitment on the part of the leader and followers to a common vision, mission, and organisational goals.

Consistent with the above viewpoint, Pryor et al. (2007) argues that properly aligned human assets are the key to successful implementation. Employees who play a part in deciding what to do feel a much greater amount of ownership over making it happen.

By encouraging followers to seek new ways to approach problems and challenges, and identifying with followers' needs, transformational leaders are able to motivate their followers to get more involved in their work, resulting in higher levels of organisational commitment. Transformational leaders empower their subordinates. Generally employees who feel empowered perform better, which helps the organisation to translate its strategy into action.

Evidence from a large number of studies indicates that transformational leadership can enhance subordinate motivation and performance (Yukl, 2008). Employee commitment is important for team cohesiveness, which is defined as the degree to which members are attracted to a group and motivated to remain part it. It has been argued by Westley and Mintzberg (1989) that the style of the leader may vary, as may the content of the

leader's vision and the context in which it takes root. This is consistent with the position and arguments of Yukl (2008), who suggests that leaders must be prepared to modify their leadership behavior, the competitive strategy, and the formal programs and structures to meet the challenges that confront them in an increasingly turbulent and uncertain environment.

Avolio et al. (2004, p.954), argues that empowered employees will see themselves as more capable and will be able to influence their job and organisations in a more meaningful way. All these arguments are relevant to the study because they speak to the role of leadership in an organisation and the effects it has on the success of the strategic plan.

A leadership style adopted by a manager or leader in an organisation can also be influenced by the nature and quality of the employees in the workplace. Leaders employ different styles according the nature and quality of their subordinates. A leadership style used by a manager of high skilled professionals would be different to that employed by a manager who looks after low skilled professionals. The nature of a firm's human capital and the manner by which it is managed can impact employee and firm performance. It has been argued by Liu et al. (2003), that empowering leadership styles are more effective for managing knowledge-based employee group than directive, transactional, or transformational leadership styles.

Leadership behaviours can influence financial performance of an organisation (Yukl, 2008). This is consistent with the position and findings of a study conducted by Goleman (2000), which revealed a direct relationship between leadership style and financial results. Widely celebrated cases of a direct leadership–performance link may be found in numerous anecdotal accounts of improvements of company performance attributed to changes in leadership. Another similar study was conducted by Elenkov (2002), to investigate the main effects of the transformational- and transactional- leadership behaviors on organisational performance of Russian companies. The findings from the study revealed that transformational leadership directly and positively predicted organisational performance of Russian companies over and beyond the impact of transactional leadership.

In a study conducted by Arvonen et al. (1999), to study the relationship between leadership behaviours as predictors of cost and change effectiveness, it was found that there is a statistically significant relationship between leadership behaviour and both outcomes (i.e. cost and change). The authors (Arvonen et al., 1999) measured leadership using the Cost, Production and Employee-orientation (CPE) model, which embraces three types of leadership centering on change production and employees, respectively.

In another study conducted by Wendt, Euwema and Van Emmerik (2009), to examine the relationship between leadership and team cohesiveness in different societal cultures, it was found that directive leadership and supportive leadership are negatively

and positively related with team cohesiveness respectively. Another study was conducted by Koene, Vogelaar and Soeters (2002), to examine the effect of different leadership styles on two financial measures of organisational performance and three measures of organizational climate in 50 supermarket stores of a large supermarket chain in the Netherlands. The study revealed that there is a strong relationship between leadership and financial performance. Moreover, the findings of the study showed that leadership styles have differential effects on organisational performance. Some researchers argue that the impact leadership style on performance is influenced by the size of the organisation. Following this line of reasoning, it may be argued that the effect of a manager's leadership behavior on financial performance will be stronger in smaller sized organisations stores than in larger organisations.

The leadership literature has a rich tradition of conceptualising leadership typologies. In a typical typology, leader behaviours are theoretically clustered into prominent types of styles of leadership. The literature reveals the following major types of leadership styles:

- Participative leadership style;
- Authoritative leadership style;
- Supportive leadership style; and
- Laissez faire style leadership style.

a) Participative leadership style

Participative leadership, which is also referred to as democratic leadership, is a style of leadership that involves all members of a team in identifying essential goals and developing procedures or strategies for reach those goals. From this perspective,

participative leadership can be seen as a leadership style that relies heavily on the leader functioning as a facilitator rather than simply issuing orders or making assignments. These views are consistent with the positions and arguments of Beatty and Quinn (2007), who argue that leaders must ensure that people have clear, shared priorities. They must work to develop a climate that generates common understanding. By giving workers a voice in decisions, participative leaders build organisational flexibility and responsibility and help generate fresh ideas (Goleman, 2000).

b) Authoritative leadership style

The authoritative leader is seen as an expert in the company and is able to clearly identify the goals that will lead the organisation to success. Authoritative leadership style is also referred to as directive leadership style or coercive leadership style by some scholars. Liu et al. (2003), suggest that authoritative leaders try to establish followers as compliant subordinates by relying on such behaviors as command and direction, assigned goals, and punishments. Followers have little discretion over the job and are rarely allowed to participate in decision-making. Authoritative leadership inhibits the organisation's flexibility and dampens employees' motivation (Goleman, 2000).

c) Supportive leadership style

Supportive leadership style, which is also referred to as the coaching style, by certain scholars, focuses more on personal development than on immediate work-related tasks. It works well when employees are already aware of their weaknesses and want to improve, but not when they are resistant to changing their ways (Goleman, 2000). It has

been argued by Wendt et al. (2009), that supportive leadership style is appreciated more in collectivist cultures, compared with individualistic cultures. Furthermore, the authors say directive leadership and supportive leadership are negatively and positively related with team cohesiveness respectively.

d) Laissez faire leadership style

The laissez-faire leadership style is also known as the “hands off” style. It is one in which the manager provides little or no direction and gives employees as much freedom as possible. All the authority or power is given to the employees and they must determine goals, make decisions and resolve problems on their own. In study conducted by O’Regan et al. (2004), it was found that laissez faire leadership style is positively correlated with both long and short term organisational performance.

2.5.2. Power construct

Leadership has been viewed as an interpersonal managerial role having to with motivating subordinates (Schneider, 2002, p.213). Furthermore, Schneider (2002) argues that leadership came to be associated with the empowered party in vertical authority-based relationships. The art of influencing is critical for leaders. Organisations are comprised of groups that compete with one another for material and symbolic resources and exercise power and influence in diverse and divergent ways; to assume intra-organisational conflict ceases when strategy becomes the focus is unrealistic.

The rational approach presumes that senior managers have vision and a way of realising it but, in large part, strategy is as much a means of rationalising managerial power and privilege as of guiding its actions (Knights and Morgan, 1992).

To influence people in an organisation successfully, leaders must design their message to appeal to the heads and hearts of those they are trying to influence as well as to those individuals' desires for personal and professional growth and for the success of the organisation as a whole (Grayson, 2002, p.13).

Other studies looked at the relationships between leadership styles and team performance. A study conducted by Burke et al. (2006), revealed that the use of task-focused behaviours is moderately related to perceived team effectiveness and team productivity and that person-focused behaviors were related to perceived team effectiveness, team productivity, and team learning.

2.5.3. Authority construct

Schneider (2002, p.215) defines managerial authority as obedience to rational rules "which meet with obedience as generally binding norms whenever such obedience is claimed by him whom the rule designates." It is associated with position in a bureaucracy, defined as the power to make decisions that guide the actions of others. Managerial positions are authority laden, as evidenced by subordinates' acknowledgment of the legitimacy of the power and willingness to yield to it (Schneider,

2002, p.215). While managers may indeed have other sources of power, it is authority or legitimate power that differentiates managers from non-managers.

2.5.4. Culture construct

The literature reveals that leadership style can be influenced by the context, which suggests that leadership style is not necessarily constant. Contexts shape the performance imperatives that define the parameters of leadership action (Zaccaro and Horn, 2003).

Furthermore, literature reveals that leadership style can be influenced by an organisational culture and vice versa. Some researchers suggest that the relationship between leadership style and performance is mediated by the form of organisational culture that is present. The culture of an organisation includes shared values and beliefs about its primary mission and purpose, the essential qualities of its products and services, and how members should be treated. Leaders can influence the culture with behaviours such as articulating a compelling vision, leading by example, and the use of symbols, rituals, ceremonies, and stories (Yukl, 2008). Good leaders need to develop the skills that enable them to alter aspects of their culture in order to improve their organisational performance. The leader creates and is in turn shaped by the organisational culture (Ogbonna and Harris, 2000).

According to Schneider (2002), effective leaders must possess significant cognitive, emotional, and behavioral abilities to cope with their complex environments. He defines

cognitive complexity as the ability to think in a multi-dimensional, abstract manner and to synthesise information at various levels of abstraction. Cognitive complexity is thought to be necessary but insufficient for leader effectiveness in complex situations.

Social complexity, the ability to apply interpersonal skills in a socially appropriate manner, reflects the leader's social perceptiveness and response flexibility (Schneider, 2002, p.217). Leaders not only need a large behavioral repertoire but also the ability to select the right roles for the situation. To do so leaders need both cognitive and behavioral complexity and flexibility (Boal et al., 2001).

This study is focused on the leadership style construct and its influence on organisation performance, which, as indicated earlier on, is defined as the achievement of objectives of a strategic plan.

2.6. Conclusion from the literature review

To conclude, leadership style has different effects within the organisation. It impacts on culture, team performance and financial performance. The literature has revealed substantial empirical evidence that shows that there is a direct link between leadership style and financial performance. Although it is generally accepted that leadership style and performance are related, some studies have shown that other leadership styles impact more on performance than others. The study hopes to establish relationships between participative and authoritative leadership styles and performance, which, for the purpose of this study, is defined as the achievement of objectives of a strategic plan.

3. CHAPTER 3: RESEARCH HYPOTHESES

3.1. Introduction

Based on academic literature, the author has identified relevant constructs, which have been used to develop the research question and hypotheses. This study will involve the hypotheses testing to examine the strength of relationship between the variables being investigated.

3.2. Research question

The study was based on the following fundamental question:

Is leadership a significant factor in achieving objectives of a strategic plan of an organisation?

3.3. Research hypotheses

The study examined the relationship between leadership attributes and strategy implementation. The study's hypotheses are stated below:

3.3.1. Hypothesis 1

Hypothesis 1 is stated as follows:

- a) **Null Hypothesis (H_{01}):** Participative leadership style does not lead to achievement of the objectives of a strategic plan.

b) Research Hypothesis (H_{a1}): Participative leadership style leads to achievement of the objectives of a strategic plan.

3.3.2. Hypothesis 2

Hypothesis 2 is stated as follows:

c) Null Hypothesis (H_{o2}): Authoritative leadership style does not lead to achievement of the objectives of a strategic plan.

d) Research Hypothesis (H_{a2}): Authoritative leadership style leads to achievement of the objectives a strategic plan.

3.4. Conclusion

This chapter discussed the aims of the research study, the question the study seeks to answer and the hypotheses to be tested. In the next chapter the research methodology is discussed.

4. CHAPTER 4: RESEARCH METHODOLOGY

4.1. Introduction

This chapter discusses the research method employed to address the research question of this study. The aim and objectives of the study are specified and the main features of the research design and research variables are defined and described.

4.2. Research method

The study used a survey questionnaire as an instrument to collect data. The questionnaire design posed quantitative questions that attempted to prove the strength of relationship between the variables being investigated.

The study involved hypotheses testing to examine the strength of relationship between the variables being investigated. As Zikmund (2003) argued, the purpose of quantitative research is to determine the quantity or extent of some phenomenon in the form of numbers.

4.3. Population of relevance

The population of relevance consisted of all top-level managers and managers within various South African listed and non-listed companies. Prior to the mailing described below, the author assembled a database of senior managers and business unit managers, using corporate websites, annual reports, personal network and social networking portals such as *LinkedIn* and *MBAconnect*. We sent a pre-test version of the

questionnaire to selected managers. On the basis of this pre-test, we revised the instrument for clarity.

4.4. Unit of analysis

The unit of analysis for the study was a company.

4.5. Variables

The hypotheses presented in this study are based on three variables namely participative leadership style, authoritative leadership and successful achievement of strategic plan. Both participative leadership and authoritative leadership style are recognised as independent variables. If leadership style makes a difference, the question still remains on which variables it does make a difference. Thus, it is important to ask what the relevant dependent variables are.

The study focuses on the relationship leadership style and performance, which has been defined as the achievement of objectives of a strategic plan. Performance was treated as a dependent variable. Participative and authoritative leadership styles were measured by two separate questions on the questionnaire, relating to the dimensions and characteristics of both leadership styles. Performance was measured by two separate questions relating to the performance of the organisation and achievement of the objectives of the strategic plan.

4.6. Sampling method and size

The target population was sampled on a non-probability basis because it was convenient to do so. The sampled consisted of 200 senior managers of business units across various companies in South Africa. The literature suggests that if the population is homogenous and there are little variances among the members of the population, then a small sample size would be appropriate. In summary, the following factors were considered in choosing an appropriate sample technique and size:

- a) The variance in the population;
- b) The magnitude of error or confidence interval; and
- c) The expected degree of confidence.

4.7. Data collection process

The data for the research study was collected through a self-administered online questionnaire (Appendix 1) based on a software from Survey Monkey, an online research company. The questionnaire was uploaded on Survey Monkey's website www.surveymonkey.com. Invitations to participate in the survey were sent out to the potential respondents via email, which included a link to the website. The respondents had to click on the website link to access the questionnaire and provide answers to the questions. Participants were asked questions based on constructs around leadership and strategy implementation. A cover letter accompanying the questionnaire guaranteed respondents' anonymity.

The online survey method was selected to collect the primary data due to the following reasons:

- Low distribution and processing costs;
- Speed of distribution;
- Faster turnaround time; and
- Flexibility.

Surveys provide quick, inexpensive, efficient and accurate means on information about the population (Zikmund, 2003, p.175). Other advantages of online survey research include convenience in use, low administration cost, flexibility in survey design, the ability to obtain a large sample and maintaining respondent anonymity (Zikmund, 2003). The convenience of e-mail and online surveys are helpful to both researchers and participants, as internet-based online survey research surveys can be completed during participants' leisure time. Online surveys save times, are less costly and allow researchers to access a wider section of the population than they would if they were to use other traditional survey methods such as mail surveys or face-to-face interviews. Mail surveys tend to be costly, even when using a relatively small sample. The use of online surveys circumvents this problem by eliminating the need for paper and other costs, such as those incurred through postage, printing, and data entry. The survey allowed to maintain their anonymity and thus encouraged them to provide honest answers to sensitive questions.

4.8. Statistical analyses

The statistical analyses of the data were undertaken using the Statistical Package for the Social Sciences (SPSS) version 17.2. Cronbach alpha coefficients were used to determine the internal consistency reliabilities of the measuring instruments (Clark & Watson, 1995). Pearson's product-moment correlation coefficients were obtained to determine the direction and strength of the relationships between participative leadership style and performance, and authoritative leadership style and performance. The correlation coefficients were examined in accordance with Tabachnick and Fidell's (2001) recommendation that coefficients $r > 0.30$ be regarded as meaningful. The levels of significance of the correlations were considered at the $p > 0.05$ and at $p > 0.01$ levels.

4.9. Ethical issues

In a study involving human participants, a number of ethical considerations need to be addressed. The crucial and important issue of participants' informed consent was attended to first. The safety of the participants was not compromised in any way and the nature of this study was explained to the participants in a consent form attached to the research questionnaires. It was left to the discretion of the participants to decide whether they wished to participate in the research, making this research voluntary. If they so wished, participants were given the choice to withdraw from this research at any point in time.

The second ethical consideration was that, since the information requested by the researcher was of a personal nature, participants were ensured of confidentiality and

anonymity. This was achieved by communicating to the participants that they did not have to identify themselves on the research questionnaires and that their data would not be given to or shared with any person or organisation. It was made clear to the participants that all data collected was for research purposes only.

4.10. Conclusion

This chapter discussed the methodology used to conduct the research. Statistical analyses used were mentioned and ethical issues were highlighted. In the next chapter the results of the study are presented.



5. CHAPTER 5: RESULTS

5.1. Introduction

In this section, findings of various tests conducted to prove or disprove the research hypotheses are presented. This study involved hypotheses testing to examine the strength of relationship between the variables being investigated.

5.2. Data collected

A total of 200 questionnaires were sent out to respondents. Participants were obtained by means of non-random convenience sampling. Participants were asked a total of 24 questions, covering leadership attributes, strategy implementation and background information. After two follow-up reminders, 48 responses were received. This represents a total response rate of 24%. Of the total 48 responses, 10 were eliminated from the study due to errors. The majority of the respondents were male (76.3%). In terms of participation by sector, the majority of the responses were from the financial services (21.1%), banking (10.5%), manufacturing (10.5%) industries and ICT (7.9%).

A summary of results from the 48 questionnaires are contained in Appendix 2 of the research report.

5.3. Participative leadership style

Participative leadership style was measured by the following two questions on the questionnaire:

- Which of the following characterise your style of leadership?
- How would your subordinate(s) characterise the strengths in your leadership style?

5.4. Authoritative leadership style

Authoritative leadership style was measured by answers to the following two questions:

- How would your subordinate(s) characterise the weaknesses in your leadership style?
- Which of the following top-management dynamics are characteristic in implementing the strategic plan in your company?

5.5. Performance

Performance was measured by answers to the following two questions:

- In terms of the company trying to accomplish its financial and/or strategic performance targets, was the achievement of those objectives successful?
- From your point of view, was the achievement of a strategic plan successful according to the financial and/or strategic performance targets set for the company?

5.6. Scale reliability

Reynaldo and Santos (1999) suggest that Cronbach's alpha value can be used to describe the reliability of factors extracted from multi-formatted scales, and range from 0 to 1. Furthermore, the authors (Reynaldo and Santos) state that the higher the score,

the more reliable the scale is. SPSS tests were performed to calculate Cronbach alphas in order to estimate the reliability of the leadership style and performance.

Table 1: Cronbach coefficient alpha for participative leadership style

Cronbach's Alpha	N of Items
.803	2

The correlation coefficient is close to 1, which indicates that the scale used for participative leadership style is reliable.

Table 2: Cronbach coefficient alpha for authoritative leadership style

Cronbach's Alpha	N of Items
.721	2

The correlation coefficient is close to 1, which indicates that the scale used for authoritative leadership style is reliable.

Table 3: Cronbach coefficient alpha for performance

Cronbach's Alpha	N of Items
.862	2

The correlation coefficient is very close to 1, which indicates that the scale used for performance is reliable.

5.7. Hypotheses tests

The first null hypothesis (H_{01}) stated that participative leadership style does not lead to achievement of the objectives of a strategic plan. The alternative hypothesis (H_{a1}) stated that participative leadership style leads to achievement of the objectives of a strategic plan. The second null hypothesis (H_{02}) stated that authoritative leadership style does not lead to achievement of the objectives of a strategic plan, while the alternative hypothesis (H_{a2}) stated that authoritative leadership style leads to achievement of the objectives a strategic plan.

Table 4: *Correlation Matrix*

		ParticipLS	AuthoritLS
ParticipLS	Pearson Correlation	1	.010
	Sig. (2-tailed)		.951
	N	38	38
AuthoritLS	Pearson Correlation	.010	1
	Sig. (2-tailed)	.951	
	N	38	38
Performance	Pearson Correlation	-.066	.039
	Sig. (2-tailed)	.693	.815
	N	38	38

5.7.1. Hypothesis 1: Relationship between participative leadership style and performance

Inspection of Table 4 reveals that participative leadership style ($r = 0.066$, $p > 0.05$) has no statistically significant relationship with performance. Based on these results, the null hypothesis (H_{01}), which states that participative leadership style does not lead to achievement of the objectives of a strategic plan, should not be rejected.

5.7.2. Predictive relationship participative leadership style and performance

A linear regression analysis was performed between participative leadership style and performance as the dependant variable. Participative leadership style was the independent variable. The results from the regression test are reported in Table 5.

Table 5: *Predictive Effect of Participative Leadership Style on Performance*

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.066 ^a	.004	-.023	.004	.158	1	36	.693

a. Predictors: (Constant), ParticipLS

Table 5 shows that there is no significant relationship between participative leadership style and performance. This implies that participative leadership style does not predict performance.

5.7.3. Hypothesis 2: Relationship between authoritative leadership style and performance

Inspection of Table 4 reveals that authoritative leadership style ($r = 0.039$, $p > 0.05$) has no statistically significant relationship with performance. These results again confirm that the null hypothesis (Ho2), which states that authoritative leadership style does not lead to achievement of the objectives of a strategic plan, should not be rejected.

5.7.4. Predictive relationship between authoritative leadership style and performance

A linear regression analysis was performed between authoritative leadership style and performance as the dependant variable. Authoritative leadership style was the independent variable. The results from the regression test are reported in Table 6.

Table 6: *Predictive Effect of Authoritative Leadership Style on Performance*

Model Summary								
Model	R	R Square	Adjusted R Square	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
1	.039 ^a	.002	-.026	.002	.056	1	36	.815

a. Predictors: (Constant), AuthoritLS

Table 6 shows that there is no significant relationship between authoritative leadership style and performance. This implies that authoritative leadership style does not predict performance.

5.8. Sample description

The demographics of the participants in the study are presented in the tables that follow. The demographics relevant to this study are gender, age, highest qualification, position and sector.

Table 7: *Age group*

Age group	Frequency	Percent
21-30	8	21.1
31-40	16	42.1
41-50	12	31.6
51-60	2	5.3
Total	38	100.0

Table 7 shows that 21.1% of the participants were in the age category of 21-30 years, 42.1% were in the age category of 31-40 years, 31.6% were in the age category of 41-50 years and 5.3% were in the age category of 51-60 years.

Table 8: *Gender*

Gender	Frequency	Percent
Male	29	76.3
Female	8	21.1
Did not specify	1	2.6
Total	38	100.0

Table 8 shows 76.3% of the participants were male, 21.1% were female and 2.6% of the respondents did not answer the question.

Table 9: *Highest qualification*

Highest qualification	Frequency	Percent
Matric	1	2.6
Undergraduate degree	7	18.4
Post graduate degree	27	71.1
Other	3	7.9
Total	38	100.0

Table 9 provides information concerning the highest educational qualifications of the participants. 71.1% of the participants indicated they have a post graduate degree and 18.4% of the participants indicated they had an undergraduate degree.

Table 10: *Sector*

Sector	Frequency	Percent
ICT	3	7.9
Banking	4	10.5
Financial Services	8	21.1
Mining	1	2.6
Manufacturing	4	10.5
Retail	1	2.6
Real Estate	1	2.6
Other	9	23.7
Did not specify	7	18.4
Total	38	100.0

Table 10 provides information concerning the sector within which the participants work. 21.1% of the participants in the study were in the financial services sector, 10.5% were in the manufacturing sector, 7.9% were in the ICT sector and 23.7% were in other sectors.

Table 11: *Position*

Position	Frequency	Percent
CEO	7	18.4
General Manager	2	5.3
Head of Department	3	7.9
Senior Manager	11	28.9
CFO	1	2.6
COO	2	5.3
Manager	2	5.3
Other	10	26.3
Total	38	100.0

Table 11 provides information concerning the position occupied by the participants. 28.9% of the participants were senior managers, 18.4% were CEOs, 7.9% were heads of departments and 5.3% were COOs.

5.9. Summary of results

The results of the study show that there is no statistically significant evidence to support both alternative hypotheses (H_{a1}): participative leadership style leads to achievement of the objectives of a strategic plan and (H_{a2}): authoritative leadership style leads to achievement of the objectives a strategic plan. As a result, both the null hypotheses (H_{o1}), which states that participative leadership style does not lead to achievement of the objectives of a strategic plan and performance and (H_{o2}), that authoritative leadership style does not lead to achievement of the objectives of a strategic plan, should not rejected.

5.10. Conclusion

This chapter presented findings pertaining to the relationship between participative leadership style and performance (i.e. achievement of the objectives of a strategic plan), and authoritative leadership style and performance (i.e. achievement of the objectives of a strategic plan). The following chapter presents a discussion of the results, as well as integrating the results with literature review.

6. CHAPTER 6: DISCUSSION OF RESULTS

6.1. Introduction

The purpose of this chapter is to discuss the results presented in Chapter 5. These results are then integrated with the literature review. The implications of the present study's results are also discussed. The main objective of this study was to investigate the relationships participative leadership style and performance, and authoritative leadership style and performance.

6.2. Motivation for this study

The main objective of this study was to explore the role of leadership in strategy implementation. The majority of strategy plan initiatives are unsuccessful (Allio, 2005; Sterling, 2003). Given the high failure rate of strategic initiatives, this study seeks to raise awareness about the impact of leadership style on performance, which for the purpose of this study, was defined in Chapter 1 and 2 as the achievement of the objectives of a strategic plan. The success of a strategy depends on how well it is implemented. Understanding the thought processes and behavioural skills that facilitate strategic management in organisations in today's rapidly changing business environment is crucial (Bailey, 2003).

6.3. The relationship between participative leadership style and performance

The individual relationships between participative leadership style and performance, as obtained by means of Pearson product-moment correlation coefficients, are discussed

next. Following this, participative leadership style as predictor of performance is discussed.

This research yielded no statistically significant correlations between participative leadership style and performance. Pearson product-moment coefficients indicated that no statistically significant relationship exists between participative leadership style and performance ($r = 0.066$, $p > 0.05$). The first null hypothesis (H_{01}) of this study stated that participative leadership style does not lead to achievement of the objectives of a strategic plan. Based on the results as presented in Chapter 5, this null hypothesis (H_{01}) is not rejected. These results thus provide no support for the alternative research hypothesis.

6.3.1. Participative leadership style as a predictor of performance

The linear regression analysis produced results which show that participative leadership style does not predict performance. The results of the present study show that participative leadership style explains less than 1% of the variance in performance ($R^2 = 0.004$, $p > 0.05$). These results provide further support that the null hypothesis (H_{01}), which stated that participative leadership style does not lead to achievement of the objectives of a strategic plan, is not rejected.

6.4. The relationship between authoritative leadership style and performance

The individual relationships between authoritative leadership style and performance, as obtained by means of Pearson product-moment correlation coefficients, are discussed

next. Following this, authoritative leadership style as predictor of performance is discussed.

This research yielded no statistically significant correlations between authoritative leadership style and performance. Pearson product-moment coefficients indicated that no statistically significant relationship exists between authoritative leadership style and performance ($r = 0.039$, $p > 0.05$). The second null hypothesis (H_{02}) of this study stated that authoritative leadership style does not lead to achievement of the objectives of a strategic plan. Based on the results as presented in Chapter Five, this null hypothesis (H_{02}) is not rejected. These results thus provide no support for the alternative research hypothesis.

6.4.1. Authoritative leadership style as a predictor of performance

The linear regression analysis produced results which show that authoritative leadership style does not predict performance. The results of the present study show that authoritative leadership style explains less than 1% of the variance in performance ($R^2 = 0.002$, $p > 0.05$). These results provide further support that the null hypothesis (H_{02}), which stated that authoritative leadership style does not lead to achievement of the objectives of a strategic plan, is not rejected.

The literature reviewed in Chapter 2 of this study drew attention to the definition problem relating to the concept of leadership. Culture does have an impact on leadership style and behaviour. Leadership is defined and perceived differently by

different people. As Leavy (1996) argued, there are almost as many definitions of leadership as there are persons who have attempted to define the concept. These differences in definitions and perceptions, especially in a multi-cultural country like South Africa, could perhaps explain why the results have failed to produce sufficient support for the research hypotheses. Notwithstanding the fact that there was no empirical evidence in support of the two research hypotheses, the objectives of the study have been met.

The findings from the present study are in contrast with some aspects of the earlier studies, which have revealed that there is a direct link between leadership style and organisational performance. The findings of a study conducted by Koene et.al (2002), which revealed that charismatic leadership style has a substantial effect on organisational financial performance. Some researchers such as Leavy (1996) argue that the link between leadership style and performance remains unclear. Leavy (1996) argues that it is far from clear what effects participative and authoritative leadership styles have on objective measures, such as financial performance. As discussed in Chapter 2, the impact of leadership style on performance is also dependent of the size of the organisation. The participants in the study came from both small and large organisations, which could have had an impact on their perceptions towards leadership style and thus the outcome of the study. Most of the respondents (39.5%) worked for companies that employ more than 500 people, 23.7% worked for companies that employ 1-49 people and 18.4% worked for companies that employ 100-249 employees.



7. CHAPTER 7: CONCLUSION

7.1. Conclusion

The main objective of this study was to explore the impact of participative and authoritative leadership styles on organisational performance, which for the purpose of this study, was defined as achievement of objectives of a strategic plan. Furthermore, this study attempted to establish a relationship between participative leadership style and performance, authoritative leadership style and performance.

Based on the theory base which suggests that leadership style and performance are linked, it was hypothesised that there are relationships between participative leadership style and performance and authoritative leadership style and performance. The results of a survey were analysed and sufficient empirical evidence found to support both hypotheses. The results of the present study indicate that both participative and authoritative leadership styles are directly linked to performance.

While the results are subject to limitations, the findings have shown that there are no statistically significant relationships between participative leadership style and performance and authoritative leadership style and performance. This is in contrast with most of literature review, which has revealed that there is a link between leadership style and performance. The findings of the present study are, however, consistent with the positions and arguments of certain researchers, who have argued against that leadership style and performance, are not necessarily directly related. Recommendations for future research are discussed in the section that follows.

7.2. Limitations of the research

As with all research, this study had several limitations. There are several limitations to online survey research, including technical difficulties, as Zikmund (2003) notes that respondents to an online survey generally do not have the same level of technology. Many individuals with low-speed internet connections (low bandwidth) may experience difficulties, which could impact negatively on their ability to participate in the survey.

Low response rates, technical difficulties and issues involving sampling bias and representativeness are some of the common problems encountered with online surveys (Van Selm and Jankowski, 2006). Potential respondents may find it difficult to read or interpret surveys that are poorly designed. This leads to survey incompleteness. Van Selm et al. (2004), stated that other technical difficulties stem from using survey software that is too advanced for some computer systems, as computer browsers may load information slowly or crash. Self-selection bias is another major limitation of online survey research. In any given internet community, there are undoubtedly some individuals who are more likely than others to complete an online survey. Others could have chosen not to participate in the survey due to lack of interest, or time or due to fears about breach of information security or their computers being infected with virus or spam.

A further limitation of this study was the small sample size which could not produce the statistical results hypothesised. The small sample size could lead to a risk of

generalising. A study of this nature requires a relatively large sample. Some of the challenges encountered in this study are consistent with views of other researchers in the field of leadership and strategy. In common with the experience of leadership research more generally, there are problems of definition, appropriate unit of analysis and fundamental perspective (Leavy, 1996).

Zikmund (2003) lists the following disadvantages about survey-based research:

- Random sampling error;
- Systematic error;
- Nonresponse error- self-selection bias is a major problem with survey-based research;
- Response bias;
- Deliberate falsification;
- Unconscious misrepresentation due to question format, question content or some stimulus; and
- Administrative error- data processing error and sample selection error.

7.3. Recommendations for future studies

- One possible reason why the results did not support the research hypotheses is the sample size. Future studies in this area should use larger samples.
- Future studies in this area will also have to ensure that the measurement instruments are clear with a narrow focus, given the fact that leadership is such a broad concept. A 5-point rating scale instrument is proposed for future studies.



- A variety of different research methods could be used to directly test the theory, including survey field studies, comparative case studies, and simulation studies.



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9. APPENDICES

9.1. Appendix 1: Research questionnaire

Respondents' Informed Consent

Dear Sir/Madam

I am doing an MBA research study on the relationship between leadership style and organisational performance focusing on SA listed and non-listed companies. Your participation in the study is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept confidential. If you have any concerns, please contact me or my supervisor. Our details are provided below.

Can you therefore please assist me by completing a survey by clicking on the link below:

http://www.surveymonkey.com/s.aspx?sm=ZRSijgBrKIX_2fkWYE7MeUyQ_3d_3d

Thank you for your participation!

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SECTION I: STRATEGIC PLAN OBJECTIVES

1. In terms of the company trying to accomplish its financial and/or strategic performance targets, was the achievement of those objectives successful?
 - a. It was highly successful
 - b. It was quite successful
 - c. It was somewhat successful
 - d. It was not successful at all

2. From your point of view, was the achievement of a strategic plan successful according to the financial and/or strategic performance targets set for the company?



- a. It was highly successful
- b. It was somewhat successful
- c. It was somewhat unsuccessful
- d. It was not successful at all

SECTION II: LEADERSHIP STYLE QUESTIONS

3. Which of the following characterise your style of leadership? Please tick all that apply.
- a. I guide others
 - b. I facilitate others
 - c. I am a change agent
 - d. I inspire others
 - e. I lift the aspirations of others
 - f. I raise the performance of others to higher levels
 - g. I develop others to their fullest
 - h. Other.....
4. How would your subordinate(s) characterise the weaknesses in your leadership style? Please tick all that apply.
- a. I micro-manage
 - b. I do not give them enough time to complete their work
 - c. I do not communicate as well as I could
 - d. I do not take their input/feedback/comments into consideration when making a decision(s)
 - e. I am not sensitive to what is going on in the organization
 - f. I do not provide them with clear expectations
 - g. I do not encourage or motivate them to succeed
 - h. I have a hard time seeing my own weaknesses
 - i.
 - Other.....
5. How would your subordinate(s) characterise the strengths in your leadership style? Please tick all that apply.
- a. I give them the freedom to succeed
 - b. I communicate well with people
 - c. I take their input/feedback/comments into consideration when making a decision
 - d. I am sensitive to what is going on in the organization
 - e. I provide them with clear expectations
 - f. I encourage and motivate my staff to succeed
 - g. I am good at influencing others
 - h. I am hard working
 - i. I am focused on the success and reputation of the organization, not my own
 - j. Other.....



6. Which of the following senior-level leadership dynamics are characteristic in implementing the strategic plan in your company? Please tick all that apply.
- a. Top-down or laissez-faire senior management style
 - b. Unclear strategy and conflicting priorities
 - c. Ineffective senior management team
 - d. Poor top-down vertical communication
 - e. Poor coordination into teamwork through realigning roles, responsibilities, and accountabilities with strategies
 - f. inadequate down-the-line leadership skills and development
 - g. Other.....

SECTION III: BACKGROUND INFORMATION QUESTIONS

7. Your gender?
- a. Male
 - b. Female
8. Your age on your last birthday?
- a. 21-30
 - b. 31-40
 - c. 41-50
 - d. 51-60
 - e. 61 or older
9. What is the highest level of education you have completed?
- a. Matric
 - b. Undergraduate degree
 - c. Post graduate degree
 - d. Other.....
10. How long have you been employed in your current position with the company?
- a. 0 - 4 years
 - b. 5-9 years
 - c. 10 - 14 years
 - d. 15 - 19 years
 - e. 20 years or more
11. How many employees (full and part-time), including yourself, are employed in the company?
- a 1-49
 - b. 50-99
 - c. 100-249
 - d. 250-499
 - e. 500 or more
 - f. I do not know



12. Which of the following categories best describes the company's current yearly revenues?
- a. R50, 000,000 to R99, 999,999
 - b. R100, 000,000 to R249, 999,999
 - c. R250, 000,000 or more
 - d. I do not know
13. Your current title
- a. CEO
 - b. General Manager
 - c. Head of Department
 - d. Senior Manager
 - e. CFO
 - f. COO
 - g. Executive Director
 - h . Director
 - i. Other.....
14. Your current industry
- a. ICT
 - b. Banking
 - c. Financial services
 - d. Mining
 - e. Manufacturing
 - f. Retail
 - g. Real estate
 - h. Other



9.2. Appendix 2: Research data

SECTION I: STRATEGIC PLAN OBJECTIVES

1. In terms of the company trying to accomplish its financial and/or strategic performance targets, was the achievement of those objectives successful?

Question	Frequency	Percent
a. Yes	34	71%
b. No	5	10%
c. Not sure	6	13%
d. Not applicable	1	2%
• Did not specify	2	4%
Total	48	100%

2. From your point of view, was the achievement of a strategic plan successful according to the financial and/or strategic performance targets set for the company?

Question	Frequency	Percent
a. It was highly successful	13	27%
b. It was somewhat successful	31	65%
c. It was not successful at all	3	6%
• Did not specify	1	2%
Total	48	100%

SECTION II: LEADERSHIP STYLE QUESTIONS

3. Which of the following characterize your style of leadership? Please tick all that apply.

Question	Frequency	Percent
a. I guide others	20	42%
b. I facilitate others	22	46%
c. I am a change agent	13	27%
d. I inspire others	17	35%
e. I lift the aspirations of others	14	29%
f. I raise the performance of others to higher levels	18	38%
g. I develop others to their fullest	16	33%
h. other	2	4%
• Did not specify	10	21%
Total	48	100%



4. How would your subordinate(s) characterize the weaknesses in your leadership style? Please tick all that apply.

Question	Frequency	Percent
a. I micro-manage	7	15%
b. I do not give them enough time to complete their work	7	15%
c. I raise the performance of others to higher levels I do not communicate as well as I could	14	29%
d. I do not take their input/feedback/comments into consideration when making a decision(s).	5	10%
e. I am not sensitive to what is going on in the organization	4	8%
f. I do not provide them with clear expectations	5	10%
g. other I do not encourage or motivate them to succeed	1	2%
h. I have a hard time seeing my own weaknesses	7	15%
i. Other	11	23%
• Did not specify	14	29%
Total	48	100%

5. How would your subordinate(s) characterize the strengths in your leadership style? Please tick all that apply.

Question	Frequency	Percent
a. I give them the freedom to succeed	25	52%
b. I communicate well with people	21	44%
c. I take their input/feedback/comments into consideration when making a decision	21	44%
d. I am sensitive to what is going on in the organization	17	35%
e. I provide them with clear expectations to what is going on in the organization	17	35%
f. I encourage and motivate my staff to succeed	24	38%
g. I am good at influencing others	18	38%
h. I am hard working	24	50%
i. I am focused on the success and reputation or	18	38%



the organization, not my own		
j. Other	2	4%
• Did not specify	10	21%
Total	48	100%

6. Which of the following top-management dynamics are characteristic in implementing the strategic plan in your company? Please tick all that apply.

Question	Frequency	Percent
a. Top-down or laissez-faire senior management style	16	33%
b. Unclear strategy and conflicting priorities	8	17%
c. Ineffective senior management	7	15%
d. Poor top-down vertical communication	9	19%
e. Poor coordination into teamwork through realigning roles, responsibilities, and accountabilities with strategies	7	15%
f. inadequate down-the-line leadership skills and development	6	13%
g. other	7	15%
• Did not specify	11	23%
Total	48	100%

SECTION III: BACKGROUND INFORMATION QUESTIONS

7. Your gender?

Question	Frequency	Percent
a. Male	30	63%
b. Female	8	17%
• Did not specify	10	21%
Total	48	100%

8. Your age on your last birthday?

Question	Frequency	Percent
a. Male	30	63%
b. Female	8	17%
• Did not specify	10	21%
Total	48	100%

9. What is the highest level of education you have completed?

Highest Qualification	Frequency	Percent
Matric	1	2.1



Undergraduate degree	7	14.9
Post graduate degree	27	57.4
Other	3	6.4
Did not specify	9	19.1
Total	47	100.0

10. How long have you been employed in your current position with the company?

Number of years	Frequency	Percent
0 - 4 years	18	38.3
5-9 years	13	27.7
10 - 14 years	4	8.5
15 - 19 years	2	4.3
20 years or more	1	2.1
Did not specify	9	19.1
Total	47	100.0

11. How many employees (full and part-time), including yourself, are employed in the company?

Number of employees	Frequency	Percent
1-49	9	19.1
50-99	2	4.3
100-249	7	14.9
250-499	5	10.6
500 or more	15	31.9
Did not specify	9	19.1
Total	47	100.0

12. Which of the following categories best describes the company's current yearly revenues?

Company turnover	Frequency	Percent
R50m to R99.9m	7	14.9
R100m to R249.9m	5	10.6
R250m or more	22	46.8
I do not know	4	8.5
Did not specify	9	19.1
Total	47	100.0

13. Your current title



Position	Frequency	Percent
CEO	7	14.9
General Manager	2	4.3
Head of Department	3	6.4
Senior Manager	11	23.4
CFO	1	2.1
COO	2	4.3
Manager	2	4.3
Other	10	21.3
Did not specify	9	19.1
Total	47	100.0

14. Your industry?

Sector	Frequency	Percent
ICT	3	6.4
Banking	4	8.5
Financial Services	8	17.0
Mining	1	2.1
Manufacturing	4	8.5
Retail	1	2.1
Real Estate	1	2.1
Other	9	19.1
Did not specify	16	34.0
Total	47	100.0
