

**Gordon Institute
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**The Effects of Change in Political Leadership on the
Psychological Contract in the Metropolitan Municipality**

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ABSTRACT

City of Johannesburg (CoJ) has undergone a political leadership change in the past year. The study aimed to understand the level of authentic leadership and psychological contract, their relationship, and the influence of job embeddedness on these relationships at CoJ as perceived by employees. To conduct this investigation, a cross-sectional, descriptive, quantitative research was employed. Of the 501 sample targeted, there were 110 responses of which 93 were utilised for the final data analysis after data preparation. The analysis was conducted using IBM. SPSS version 24 of which there were five key principal findings: **Setting-based number of authentic leadership dimensions; indifferent views on the level of authentic leadership; transitional psychological contract not evident; the significant relationship between authentic leadership and relational psychological contract; and how job embeddedness moderate the relationship between authentic leadership and relational psychological contract.**

Based on these findings, the study concluded that employees perceive low authentic leadership on the new administration, high level of authentic leadership should lead to a relational psychological contract and that job embeddedness moderates the relationship between authentic leadership and psychological contract. These findings should be viewed within the context of the limitation of the study, which was: There was small sample size in the study; not all targeted entities could be reached to be included in the investigation, and some of those that were reached had challenges with IT restrictions into the survey platform.

Based on the conclusion of the study, the key recommendation of management for CoJ were continuous ALQ self-assessment, Johari window, management of the psychological contract. For academia were to conduct the study with face-to-face interviews (qualitative studies) to get an in-depth knowledge of authentic leadership and psychological contract, and the drivers of the current state at CoJ. Furthermore, it is recommended that a comparative study is conducted across South African metropolitans comparing the three scenarios to ascertain the influence and magnitude of change on authentic leadership, psychological contract for same political leadership, different political leadership with same policy (same party) and different political leadership with different strategy (different party).

KEYWORDS: Authentic leadership; psychological contract; job embeddedness; and City of Johannesburg (CoJ).

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.

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Date: 06 November 2017

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CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1. Background

South Africa holds municipal elections every five years; each municipal election comes with the possibility of a municipality having to face change. The municipality election has three possible outcomes: the same political party is retained with same leadership; the same political party is retained but with the change in leadership; and a new political party is elected, which means a complete change in leadership, ideology and possibly culture. A new administration comes with its mandate, policies, vision and ideologies which can be different to that of the previous administration. Even if the political aspect remains the same, it can result in new political appointments regarding the council of the relevant municipality. And even worse, if it is a different political party, it deploys its people into strategic positions, so they can implement and execute the vision and mission which attracted its followers, and retain them in power. These new appointments may impact on the organisational leadership of the entities in the metropolitans (Engelbrecht, 2013). During the 2016 local government election, City of Johannesburg (CoJ) saw the oldest liberation movement in Africa, African National Congress (ANC), lose control of two of the three biggest municipalities in South Africa as they could no longer preserve the moral influence and prosperity to their followers (Bouguerra, 2013).

Dion (1968) explained that political leadership represents one of the many categories of leadership. The leader-follower relationship characterises leadership. Weber (1958) pointed out that leadership is derived from the style of command and the organisational pattern of authority. The author further explained that political parties are most often characterised by charismatic leaders, as they need to attract voters by inspiring their followers through their vision and mission at certain levels of election (local and national). Also, Dion elaborated that “charismatic leadership is considered unstable as it is related to faith and belief; once these fade, the authority and leadership dissolve”. Political leadership is often associated with authoritarian and democratic (Dion, 1968). The new administration is expected to use authoritarian legitimacy styles to try to get its leaders into strategic positions within the organisation. This may be due to the new administration viewing the existing government machinery as an obstruction to realising their policies, and as being in contrast with its ideology (Engelbrecht, 2013, p. 9) and the bureaucracy of the organisation (Dion, 1968). Brown (2007) collaborates Dion’s

statement by saying the political leadership seldom allows for a democratic or rational leadership style, but mostly uses an authoritarian leadership style.

Overall, leadership changes tend to create resistance, uncertainty and lack of trust between the new administration and entities leadership. If the leadership style is deemed to not fit with that of the previous administration and organisational culture, it can lead to tension and staff turnover. If the situation is not managed, this could create a hostile relationship between the parties and employer-employee, as it disrupts the established relationships or the re-ordering of priorities (Johnson, Scholes and Whittington, 2008). To exacerbate the issue, over the past ten years there has been growing pressure from communities calling for improvement in service delivery as they become disillusioned about the outcomes of democracy. Current affairs are highlighting the challenges with social issues, and it is clear that the demands made by South African communities for service delivery and leadership from municipalities are escalating continuously (Pretorius & Schurink, 2007; Seijts & Roberts, 2011).

Against this backdrop, this research study sought to understand the effects of change in political leadership on the psychological contract of the employees at the metropolitan municipality, and how job embeddedness moderates this relationship. The influence on psychological contract is important as it appears to provide a useful integrative concept around which to focus an emerging set of concerns. This was important, as some employees may see the behaviour between the new administration and organisational leadership as a determinant for the employer no longer fulfilling their perceived obligation of the employment relationship.

1.2. Research Problem

Organisations consist of many nodes, all of which must work together for organisational excellence. One of the most important parts of any organisation is its employees and leadership. Leaders create a shared vision, inspire others, and provide a stable centre during times of change (Martin, 2015, p. 331). This author further elaborated that leaders can delay growth, prevent change, and cause aggravation throughout the ranks (Martin, 2015). Yasir and Naeem (2014) pointed out that leadership styles, traits, approaches and strategies are the starting point of the change process (p. 69). However, with political change, different change processes may call for different leadership styles and behaviours from the leaders (Weick & Quinn, 1999).

In a rapid transformation of the world and government leadership, change has become inevitable, and leadership approach has become essential, with Tuncer (2011) suggesting that “effective leadership” should be adopted. An effective leader is explained as one who exhibits authentic transformational leadership skills such as trustworthiness, integrity, honesty and ethics. Bass and Steidlmeier (1999) described authentic transformational leadership as leadership associated with participative leadership theories, good morality and integrity while concerned with others (p. 186-190). According to Sayli and Tüfekçi (2008), leaders are required to plan the change well, prepare and motivate employees in line with the change to ensure the continuation of organisational citizen behaviour (OCB) and performance (employee behaviours that go beyond employee requirement or job description) (Robinson & Morrison, 1995).

As an organisation experiences changes and uncertainties, tensions will rise within, and between employees and employers due to expectations and obligations, they have to each other. This is also known as the psychological contract (Rousseau, 1990). These expectations and obligations might differ for the employer and the employee, which could have consequences for the quality of their relationship. Comrade deployment, poor leadership and change management processes create organisational leadership uncertainty and tension in the organisation. This can then result in poor employee-employer relationships as employees believe that the employer is not fulfilling its obligation and consequently leave, due to perceived unfairness and breach of psychological contract (Turnley & Feldman 1999). Rousseau (2004) stated that modern organisations could not succeed unless the people they employ agree to contribute to their mission and survival.

Turnley and Feldman (1999) emphasised that the study of the psychological contract in the public sector is essential because of the likely adverse effects of a breach of the agreed contract between the employer and his other employees, which may then affect service delivery and increase staff turnover.

Saeed, Almas, Anis-ul-Haq and Niaz (2014) concurred that for an organisation to be successful, employees are required to work in harmony to achieve its goals. Because leadership involves the exhibition of style or behaviour by managers or supervisors while dealing with subordinates, leadership is a critical determinant of the employees’ actions toward the achievement of organisational goals and the decision not to leave. Tuncer (2011) and Saeed et al. (2014) said that for an organisation to adapt to change,

an effective leadership approach is more necessary than just management. From the above, it can be said that leadership is the chief factor in aligning and coordinating organisational processes, performance, commitment and achieving desired goals or outcomes.

Working environment and leadership can be excellent, which would then make employees happy, satisfied and committed to their job, but still, have the desire to leave. Mitchell, Holtom, Lee, Sablynski, and Erez (2001) concluded that such incremental variance between job and organisational satisfaction, commitment and job alternatives is explained by the contrast they developed called job embeddedness, which can predict employee intention to leave and voluntary turnover. Job embeddedness could be the sweetener of employee psychological contract and prevent turnover during administration changes in local government. However, effective leadership is still required to ensure organisational citizenship behaviour and efficient, quality service delivery to the citizens within the municipality demarcation.

1.3. Aims and objectives

Change in administrative leadership, or any leadership, which then affects and results in a change in the psychological contract, is the crucial factor in making this study important. Most of the research done has focused on change and leadership in the private sector, with few studies in the public sector. In today's world, public sector and private sector are operating in similar environments which require a similar leadership approach and effectiveness to remain sustainable. The research purpose was to identify and analyse the relationship between leadership and psychological contracts of employees within the municipality (local government), and the role job embeddedness on leadership and psychological contract. The research intends to examine the following objectives:

- To measure the level of authentic leadership at CoJ as perceived by followers (employees).
- To measure the level of psychological contract at CoJ as perceived by followers (employees).
- To determine whether there was a relationship between authentic leadership on psychological contracts at CoJ.

- To assess whether job embeddedness had a moderating effect on the relationship between authentic leadership and employee psychological contract at CoJ.

1.4. Research Motivation and Relevance

In today's world where citizens demand leadership, morality, accountability and service delivery rather than a charismatic leader, local government elections bring the possibility of change – which then means instituting new leadership and change in the municipalities. The aftermath of the 03 August 2016 elections saw a change in political party government for most prominent municipalities in South Africa. This meant a new environment and change in organisational leadership as the new administrations want to have their loyal party administrators. There are many leadership, management and change process issues when an organisation goes through change, besides the numerous documents on organisational change and a smooth process.

The period after the election and during administrative change is characterised by uncertainties and instabilities due to change in leadership and different opinions regarding the desired outcomes of the organisation. This is also because the new administration brings its mandate, vision, goals, and wants to deploy its people in the strategic administrative leadership positions, which may result in tension between current and new leaders. The outcomes will subsequently affect the employee working environment and employment relationships.

Even though considerable research has been carried out on psychological contract and leadership theories respectively, this research study was focused on the variables in the public sector as this area has inadequate literature – especially where there is unpredicted change, as was the case in CoJ. Although the study looks at psychological contract rather than employee engagement, perceptions about leadership exist within the organisation and may impact on the type of psychological contracts which may affect employees' day-to-day experience in the organisation. During the organisational change, leaders are in a position to improve the atmosphere through their roles and behaviour.

1.5. Scope and delimitation of study

The study examined how employees perceived the level of authentic leadership and psychological contract within CoJ, by looking at the current theories and research

relating to the continuum of leadership and psychological contract, dimensions and how authentic leadership relates to psychological contract. It also explored the theoretical construct of authentic leadership and psychological contracts in the public-sector context, and the linkage to the job embeddedness construct. Political and transformational styles were discussed with authentic leadership as the focus of the study. The study further examined the influence of job embeddedness on the relationship between psychological contract and authentic leadership. Job embeddedness focused only on the on-the-job factor. The study was concerned with how the organisation perceived behaviours by employees and the effect which such behaviours had on the informal or formal job contract.

The study was conducted in City of Johannesburg (CoJ), Gauteng, South Africa. This study was underpinned by a desire to understand what the underlying effects of change in leadership on the psychological contract are, given that South Africa is a constitutional democracy that holds an election every five years. Since the dawn of democracy, there has always been one dominant party that was running CoJ until the local government elections of 3rd August 2016 when the citizens voted for a different political party. This political change meant that there was a possibility of influence within the administration of the CoJ. The basis of political meddling was based on several studies that were done within the South African context (De Visser, 2010, p. 94). The study was to examine the relationship between authentic leadership and psychological contract and explore the moderating role job embeddedness has on the relationship. The revised model, figure 6.5, summarised the findings of the study.

1.6. Contribution of the study

The study aimed to add to the body of knowledge in the public sector and leadership behaviours at local government mostly after governmental elections. It focused on authentic leadership which has recently emerged as an extension of transformational and ethical leadership (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008). The study examined the moderating role of job embeddedness on the relationship between authentic leadership and psychological contract because prior theoretical work has found that low job embeddedness leads to transitional psychological contract while high job embeddedness leads to relational psychological contract (Mitchell et al., 2001; Rousseau, 2000; Takawira, Coetzee, & Schreuder, 2014). The study expects to contribute to the emerging literature on authentic leadership and job embeddedness by

examining and explaining how job embeddedness enhances the relationship between the two variables.

Literature argues that authentic leadership, psychological contract and job embeddedness are the mechanisms that influence employees' attitudes, and behaviours such as job commitment and satisfaction, organisational citizenship behaviour, performance and an effective and sustainable organisation (Luthans, Avolio, Walumbwa, & Li, 2005; Walumbwa et al., 2008; Walumbwa, Wang, Wang, Schaubroeck, & Avolio, 2010). This is explained as follows:

Firstly, the research study aimed to add to the growing body of research on leadership and authentic leadership, showing that it affects employee job outcomes such as psychological well-being, work engagement, organisational citizenship behaviour, organisational identity and leader-member exchange (Walumbwa et al., 2010). Secondly, it investigated the relationship between authentic leadership and psychological contract to help with shaping the employee and employer relationship and commitment towards the organisation. With globalisation and a preference for temporary labour, virtual work setup, morale and effective leadership and employees, there has been uncertainty on how human resources should be shaped and managed. The presence of artificial intelligence is adding pressure to the already concerned employees regarding job security. Thirdly, the study will contribute to the growing knowledge of job embeddedness, its relevance in today's world and its influence on the leaders, employer and employee attitudes and behaviour. Job embeddedness helps employees, teams and organisations to perform more efficiently and effectively (Mitchell et al., 2001).

1.7. Practicality of the study

In a world of ambiguity, dynamic environments, insecurities and transformation at an exponential rate, it is vital for employers to develop stable and effective relationships with their human resources (employees). Employees are the most critical part of the organisation, and their retention is one of the most significant challenges faced by organisations. For public sector organisations to deliver efficient, quality service, it requires competent, motivated and dedicated employees. Employers need to ensure healthy and harmonious relationships with its employees to suppress anxiety and insecurities (Rousseau & Barends, 2011) and to ensure that it is still balanced, mutual

obligation and fulfilment between employers and employees (Janssens, Sels & Van den Brande, 2003). For every ship to remain afloat and moving, it needs a captain who is focused and trusted by the passengers. This also applies to organisations, where a focused, trusted, and open communication leader is required to influence good employee attitude and behaviour while remaining ethical and sustainable. Authentic leadership promotes an ethical climate, fosters leader self-awareness, internalises moral perspective and balanced processing of information and relational transparency between the leader-follower, while simultaneously encouraging self-development and open communication.

These attributes may then allow for improved leadership and management when there is change management or a change in the control of the organisation. Identification of these issues may further allow for future new administrations to engage current leadership and ensure that they mitigate against risks of poor change management processes, tensions and turnovers while delivering efficient service and improving employees' work attitude and environment.

This study is important as it provides a guide to the current state of the organisation in light of the change within the past year due to the outcomes of the local government election in South Africa. In so doing, it allows for management to close the gaps and develop necessary strategies to strengthen the employer-employee relationship to create a performing organisation.

1.8. Overview of the design and methodology

The assumption of this study, based on the positivist orientation, is the reality of leadership influence on employee psychological contract. Job embeddedness moderates the strength of this relationship. A cross-sectional, descriptive, quantitative study was employed in this study. Based on the incompleteness of the sampling frame and the inability to predict or guarantee each element of the population, a non-probability sampling method, using convenient sampling, was applied to the individual as the unit of analysis. This research design allowed for testing of the hypothesis of the study. This was done by collecting empirical data using Survey Monkey and using existing instruments from literature. Collected data from this survey was extracted to Excel, then imported to IBM SPSS version 24. Coding prepared the data, missing data analysis and with normality and outlier assessment. Descriptive statistics were conducted to understand the spread and central tendency of the data, utilising Pearson correlation to evaluate the significance, strength and direction of the relationship. For all significant rela-

tionships, linear regression analysis was used to understand the amount explained by the relationships. Hierarchical regression was used to understand the moderating effect on the relationship between authentic leadership and the psychological contract.

1.9. Outline of the report

The research project is divided into seven chapters with chapter 1 forming the introduction, research problem and the need for the study.

Chapter 2 is the literature review, which presents argument within academic literature to show the need for this research. The literature is relevant, current and academic. The literature covers aspects of the public sector, culture and change process, while the basis for the discussion is the relationship of leadership and psychological contracts, and the resulting impact on employees. It also sheds some light on the catalyst of employee loyalty by reviewing job embeddedness and the role of mediator between leadership and the psychological contract.

Chapter 3 shows the conceptual model and development of research hypotheses.

Chapter 4 describes in detail the design and methodology used in the exploration of the effect of leadership change on psychological contracts of employees in the municipality and the moderating effect of job embeddedness.

Chapter 5 contains the presentation of the findings of the research with the relevant descriptive results shown. The data presented also shows the outcomes of hypotheses tested, which are linked to the hypotheses set out in Chapter 3.

Chapter 6 discusses the results regarding the hypotheses and the literature. The hypotheses form the major headings of this chapter and demonstrate depth and insight of the findings regarding the study while considering the theory base. This chapter also examines whether the research objectives were met.

Chapter 7 highlights the principal findings of the research, conclusions, the overall limitations and recommendations to management of CoJ and future research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

Research in organisational behaviour, psychology and management have been on-going for some years, with the focus being placed on the employer-employee relationship and leadership. Employers spend a lot of time and money investing in the development and recruitment of employees, hoping, in return, to retain them. However, events within the organisation may either lead to organisational citizenship behaviour (employee behaviours that go beyond employee requirements or job descriptions (Robinson & Morrison, 1995), or voluntary turnover depending on how employees interpret the events. Gunaraja, Venkatramaraju and Brindha (2013), stated that “workers who are delighted and highly motivated will achieve best results and increased citizen satisfaction than workers who are unhappy and discomfort” (p. 400) [sic]. In this study, the interest is focused on the effects of change in political leadership, on psychological contract within the metropolitan municipality and the influence of job embeddedness.

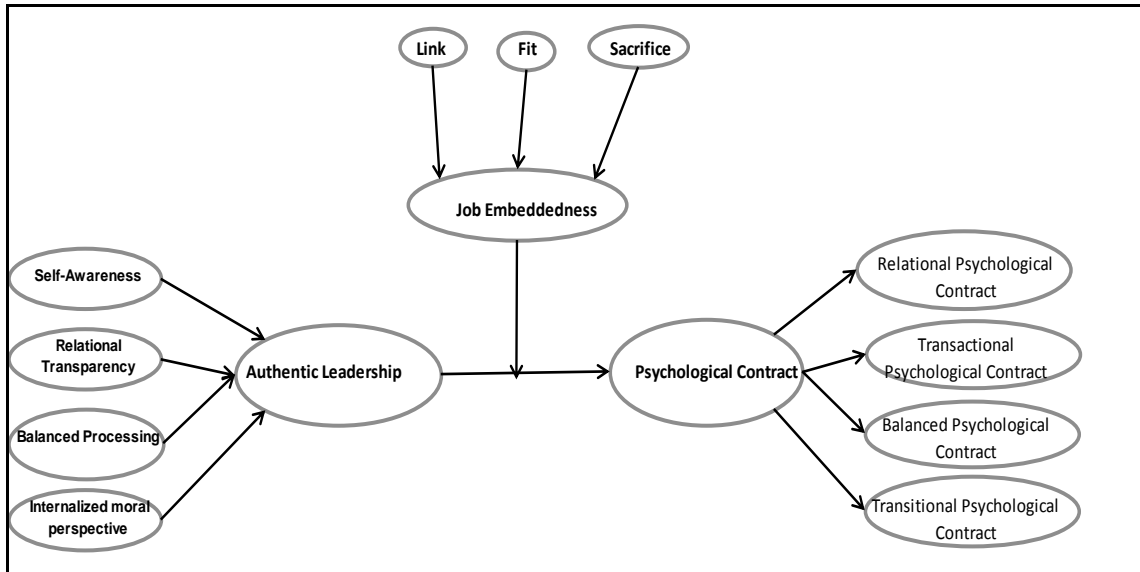
In this chapter, the related literature on leadership, psychological contract and job embeddedness and its relationships are synthesised and presented. On this journey, literature, theories, definitions, various types and approaches are discussed. The literature reviewed enabled the development of research questions in chapter 3. The chapter is structured into five key aspects.

Firstly, the chapter goes through literature which forms part of the grounding of the study, by covering the characteristics of the public sector and factors such as change and culture – which may influence leadership and employment relationships. The grounding of the study also includes the type of leadership to be utilised to ensure that factors like change, culture and organisational structure are managed to prevent organisational failure and poor service delivery.

Secondly, the chapter looked at the concept of leadership and its styles, theories developed from overall leadership down to political and transformational leadership. This led to authentic leadership and formed the basis of the research study and the attempt to answer the research problem presented in the previous chapter. Thirdly, the chapter explored the definition, various types of psychological contract and how it functions, the effect of psychological contract on employees if the contract is breached, and the relationship with leadership. Fourthly, the relationship between authentic leadership and psychological contract was reviewed. Lastly, the chapter looked at

theories, definitions and the dimensions of job embeddedness and how it can influence the relationship between leadership and psychological contracts.

Figure 2.1. Key Literature framework for the study



2.2. Grounding of the study

The study is grounded in the areas of leadership, change and culture within the public service. The public organisation is characterised by formality, legitimate authority, routinised procedures and slowness – similar to a bureaucratic organisation. It is often confronted with the need to change due to a change in administrative government after elections (local government, provincial or national). There has been little academic attention placed on the processes through which organisational change in public organisations comes about, with many studies focusing on the private sectors (Kickert, 2015; Kuipers, Higgs, Kickert, Tummers, Van der Voet, & Grandia, 2013). Van der Voet (2014) argued that the “public management reform perspective” is mostly concerned with achievements regarding the public organisational change, along with Ackroyd, Kirkpatrick and Walker (2007). Heinrich (2002) and Pollitt (2002) argued that the public management reform perspective is focused on content and effects of organisational change on the sector at national level, rather than on the implementation processes (cited by Van der Voet, 2014, p.2).

Every organisation has core values which are shared by employees and become the dominant culture, which then defines the organisation (Robbins & Judge, 2012). The culture of the public sector is greatly influenced by societal and political dynamics

beyond the control of the organisational leadership (Dartey-Baah, Amponsah-Tawiah, & Sekyere-Abankwa, 2011). Political leaders need to be aware of organisational culture and factor it in when dealing with organisational leadership. Organisational culture is defined by Yukl (2013) and Schein (1992) as the pattern of basic assumptions that a group has invented, or discovered, in learning to cope with problems of external adaptation and internal integration, and which have worked well enough to be considered valid. Gunaraja et al. (2013) described organisational culture as “a set of behavioural, emotional, and psychological frameworks that members adopt” (p. 400). Culture can be explained as a group identity on how things are done in the organisation. This may also affect how the organisation thinks and operates. Michela and Burke (2000) said that leaders face an overwhelming task during organisational change due to the complex of organisational culture and differences.

Weber (1958) attributed the cultural change to “charismatic interventions of a unique and idiosyncratic sort” and emphasised leadership and its power bases and interests (as cited in Kavanagh and Ashkanasy, 2006, p. 2). According to Fishman and Kavanaugh (1989), a leader’s behaviour will shape the culture of the organisation and how people respond to him/her, and to change. Schein (1992) alluded that leaders are the critical source of influence on organisational culture and change.

When there is a change in the organisation, culture becomes an important factor, as it is challenging to convince group identity to change or adopt the new values and ways of doing things. Fernandez and Rainey (2006) emphasised that leaders are the one who needs to step in and convince employees to embrace change. However, in local government where change is mostly in the administration, leaders need to craft the vision to make the change desirable. Bingham and Wise (1996) argued that it is the responsibility of top management to convince employees of the urgency of change (as cited in Fernandez and Rainey, 2006, p.169). Public sector leaders take their mandate from their political party; however, they still need to influence and communicate the need for change to the organisation (Fernandez & Rainey, 2006).

Kotter (1996) argued that it is essential for the new administration to have a vision and communicate it to the organisational members – ensuring that members find the vision appealing – while creating pride in the organisation’s history and past success. Fernandez and Rainey (2006) concurred with Kotter’s theory, adding that leaders should also appeal, and build internal support for their vision and the new way of doing things (p. 170). Numerous authors have emphasised that supporting employees during

organisational change is most crucial for the successful implementation of change (Bartunek, Rousseau, Rudolph, & Depalma, 2006; Herold, Fedor, & Caldwell, 2007).

Van der Voet (2014) did a study on the extent to which leadership contributes to employee willingness to change in the public sector, and found that transformational leadership is crucial for employee support during emergent change. Leadership is said to be the key driver of organisational change implementation by creating vision, strategy and getting employee support (Higgs & Rowland, 2005; 2010; 2011; Kotter, 1996). When talking about organisational change, transformational leadership is the style recommended to be used during the change, as it employs the art of persuading others to follow and have shared aspirations (Bass & Avolio, 1994; Conger & Kanungo, 1998).

Bass (1985; 1999) emphasised the theory of transformational leadership as the most essential leadership theory to adopt during organisational change. The theory advocates articulating of vision, fostering acceptance of group goals and providing support to followers while changing their underlying beliefs, values and attitudes so that they are willing to accept the new leadership and perform beyond minimum level (Podsakoff, MacKenzie, & Bommer, 1996, p. 260).

However, some researchers have argued that there is not much evidence regarding the influence of transformational leadership on employee support for a change in the public sector (Fernandez & Pitts, 2007; Herold, Fedor, Caldwell, & Liu, 2008). According to Higgs and Rowland (2010), transformational leadership is most effective in a planned change as it provides idealised influence and inspirational motivation (p. 329). However, in an emergent (political) change, different change processes may call for different leadership styles and behaviours from the leaders (Weick & Quinn, 1999). It has been suggested by Amabile (1998) that by influencing the nature of the work environment and organisational culture, leaders can affect organisational members' attitudes to work-related change and motivation (as cited in Kavanagh and Ashkanasy, 2006, p. 2). According to Yukl (2002), leaders must behave differently in different situations to adapt and be effective.

Change is mostly received negatively and creates insecurities as employees fear for their jobs. With change in administration, the fear increases as the new administration has its ideologies, mandate, policies and vision. These are mostly in opposition to the predecessor, which then creates uncertainty and lack of trust between the new administration and organisational employees. According to Akhtar and Long (2015),

organisational change as a strategic tool has influenced psychological contracts and fundamentally changed the nature of employment relationships in contemporary organisations. Leadership needs to ensure that their styles and behaviours do not unsettle employees by motivating, involving and appealing to them. Kavanagh and Ashkanasy (2006) suggested that leaders need to create an environment of psychological safety for employees to support and be involved in the new behaviour and culture of the new administration.

2.3. Leadership

In the past, leadership was defined based on characteristics such as charisma. However, interest has shifted to include behavioural, effective and adaptability leadership traits, with most, focus on moral leadership. Leadership has been well researched with many definitions and interpretations. The definitions from several scholars share common concepts and thoughts on leadership (Bass, 1990; Dinh, Lord, & Gardner, 2014; Judge & Piccolo, 2004).

2.3.1. Concept of leadership

Stogdill (1950) defined leadership as “the process (act) of influencing the activities of an organised group in its efforts toward goal setting and goal achievement” (p. 3), while Hollander (1978) defined it as “a process of influence between a leader and those who are followers” (p.1). Dion (1968) said that leadership, or political leadership, has components of a leader, follower and a functional relationship. Leaders need to positively influence the behaviour and attitude of their followers by their actions, with Bass (1985) having suggested behaviour, traits, position, processes, and style as some of the essential variables in a leader.

Porath (2015) said that “leadership behaviour is the most important attribute to employees or followers”. Hemphill and Coons (1957) defined leadership as the behaviour of an individual when she or he is directing or coordinating the activities of a group toward a shared or particular goal. Leaders should be able to motivate and direct followers or employees so that they can voluntarily make positive contributions to the organisation. Burns (1978) is hailed as having introduced the two-leadership behaviour theory which still applies today: transformational and transactional leadership. Bass (1985) modified leadership theories and added the dimensions or behaviours of transformational and transactional leadership.

Avolio, Zhu, Koh and Bhatia (2004) highlighted that “leadership is positively associated with work attitudes and behaviours at both an individual and organisational level” (p. 951). They further stated that leadership influences organisational commitment and performance. The behaviour of a leader in an organisation, mostly during the change, will determine the environment, behaviour and attitudes of the organisation, employees and management. With globalisation, cross-culture and increasing social demand, effective and moral or ethical leadership has become most important management attribute. Leaders are required to have an attitude of adaptability as organisations still need to perform or deliver services during transition or change, and are expected to be able to handle uncertainties, unpredictable work situations and the stress which comes with it (Holtkamp, 2014). Good leaders promote ethical, moral and organisational citizenship behaviour (OCB) by influencing effective behaviour through a relational psychological contract between the parties.

2.3.2. Leadership styles continuum

Yukl (1989) argued that there was still much confusion and ambiguity surrounding leadership theories and concepts. Hay and Hodgkinson (2006), after reviewing scholars’ concepts and understanding of leadership, they came to the same conclusion as Yukl, that there is still a lot of ambiguity surrounding leadership and its concepts. They went further, listing Bryman’s (1996) four chronological phases in the development of leadership theories over time. These are (Hay & Hodgkinson, 2006; Yukl, 1989; Bryman, 1996):

- Trait theories (the 1930s – 1940s) are concerned with the identification of a leader’s traits and personal attributes. The theory believes that people are born with certain qualities (such as intelligence, sense of responsibility, creativity and many other traits) that will enable them to excel in leadership roles;
- Behavioural theories (the 1940s – 1950s) are concerned with the identification of behavioural styles of leaders. Emphasis is laid on job roles of leaders and managers, and the relationship of behaviour to managerial effectiveness;
- Situational factors. This theory focuses on different ways of leading based on the situation with the emphasis on leadership adaptability;

- New theories of leadership, which focuses on the articulation of vision. It has an emphasis on transformational, effective, moral and ethical (authentic) leadership.

Avolio (2007) pointed out that by working towards integrating all elements of leadership, including the above, scholars can position the field of leadership to be more or less ambiguous. Context is vital in the emergence of leadership style (p.25).

This study focused on behavioural, situational and new theories, while it touched on personality traits theories in the form of charismatic leadership. The study focused on how behaviour or styles of a leader have perceived and the influence on employees' formal and informal contracts.

2.3.3. Political Leadership

These are leaders who are democratically elected and assigned to positions of leadership by their political party. Political leadership at a municipality level is characterised by councillors, who form part of the mayoral committee and become the leadership representative of the new administration. Members of the mayoral committee (MMC) are then assigned to different municipality entities as the responsible official to whom organisational leadership reports. The ongoing need to ensure efficient service delivery and hold onto power has caused the government to change its approach to managing local government.

According to Strom (1990), political party leaders seek to maximise their control over political and public sector organisations by deploying their party loyalist into strategic positions within the organisation as they do not trust the current leadership' ability to execute their party's policies and vision. Dion (1968) referred to this as "dramatisation of leadership". This practice is also used to reward the party loyalists who are in support of the party leadership and to assure the voters that they will be different from the predecessor.

Not only are they meant to have charismatic/transformational behaviour traits, but political leaders also need to ensure that they provide effective leadership of high-quality goods and services (Van Wart, 2003). Through media, social media and other forms of mass communication, the public has greater political awareness and shows less tolerance for the behaviour of political leaders (Van Wart, 2003; Yankelovich,

1991; Pretorius & Schurink, 2007). The public does not only want a transformational political leader; they demand an authentic, moral, ethical leader who is effective through servant leadership. Society feels politicians are more about pseudo leadership and less about servant leadership, which is described as “servant first”. Greenleaf (1970) defined servant leadership as those leaders who strive to serve the individuals under them, develop those being served, and benefit others in society (as cited in Newman, Miao, Schwarz & Xu, 2014, p. 4).

However, Bass and Steidlmeier (1999) said that unlike the transactional leadership style which has checks and balances (macro-social legislative, administrative and judicial checks and balances upon political power, rather than checks and balances upon power within organisations), political leadership, which has a transformational leadership style, is said not to have checks and balances. This may then affect the relationship between political leaders and organisational leaders as they may perceive each other as an obstruction into executing strategies and ideologies. The relationship is characterised by mistrust and uncertainties between political leaders and organisational leaders.

2.3.4. Transformational leadership

Studies have been done on transformational leadership with McCleskey (2014) stating that for the past 30 years, transformational leadership has been the single, most studied and debated idea within the field of leadership (p. 120). Bass (1985) developed the concept of transformational and leadership style which then became the base of leadership studies. He defined transformational leadership as “a behaviour-based approach to leadership that explains how certain leaders foster performance above expectations in followers” (Bass, 1985). It is about building relationships among people and creating real, significant change, by emphasising values and creating a shared vision among those in the organisation (Bass, 1985; 1999; Martin, 2015). It was pointed out that transformational leadership influences the organisational commitment of followers by encouraging them to think critically while using novel approaches, involving followers in decision-making processes, and inspiring loyalty, while recognising and appreciating the different needs of each follower to develop his or her personal potential (Avolio, 1999; Bass & Avolio, 1994; Yammarino, Spangler, & Bass, 1993). Malos (2012) further described transformational leaders, also known as relationship leaders, as those leaders who garner trust, admiration and respect while increasing employees’ beliefs in themselves and their abilities, which results in job satisfaction.

According to Martin (2015), transformational leaders adapt to challenges confronting the organisation, themselves and employees. They identify, understand and elevate the needs of the individuals in the organisation, while motivating individuals to achieve at higher levels and to produce the type of work they did not think they were capable of (Bass, 1985; 1999; 2000; Martin, 2015). These increase employees' beliefs in themselves and their abilities, which results in job satisfaction.

Dawn, Carlos and Perrewe (1995), stated that transformational leadership style creates an ethical environment in an organisation and can facilitate the institutionalisation of corporate ethics. The leader's ethical orientation is vital in influencing employees' moral ethics (p. 829). Employees follow and base their behaviour on what and how the leader behaves. This suggests that ethical behaviour and integrity should accompany this leadership style. Transformational leadership style creates an institutionalisation of a psychological contract, organisational commitment, and ethical culture in the organisation (Carlson & Perrewe, 1995).

It is, however, argued that a transformational leader can either be ethical (authentic transformational leader: moral character, integrity and trustworthy) or unethical (pseudo transformational leader: deceptive and manipulative) as the ethical justification is not clear (Kanungo & Mendonca, 1996). The nature of the organisation and individual integrity will trigger the leadership style. For this study, the focus was on the moral or authentic transformational leadership.

2.3.5. Authentic Leadership

From Bass and Steidlmeier's (1999) analysis and comparison of authentic and pseudo-transformational leadership (p. 187-190), it can be inferred that authentic transformational leadership is associated with participative leadership theories, and good morality and integrity, while concerned with others. Pseudo-transformational leadership is associated with self-serving, manipulative, deceptive and devious behaviours (p.186), autocratic traits and hunger for power. Moral absence or presence is what distinguishes between authentic and pseudo-transformational leadership. There is an overlap between authentic leadership and transformational leadership; however, dimensions of authentic leadership are not explicitly included by transformational leadership (Walumbwa et al., 2008).

Authentic leadership measures important work-related attitudes and behaviour while also acting as a complement to ethical and transformational leadership (Walumbwa et al., 2008). Brown and Trevino (2006) suggested that due to increased acts of unethical behaviour by leaders, there has been increased interest in leadership having ethics, and this has seen the development of constructs such as ethical leadership. Burns' (1978) definition of transformational leadership highlighted the need for leaders to be ethical. He defined transformational leadership as "the process of raising both leaders and followers to higher levels of motivation and morality" (p.20).

There are different conceptualisations of authenticity defined as a "pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development" (Avolio & Gardner, 2005; Gardner et al., 2005; Walumbwa et al., 2008, p. 94). Table 2.1 below shows authentic leadership dimensions as explained by numerous authors (Kernis, 2003; Ryan & Deci, 2003; Gardner et al., 2005).

Table 2.1 Authentic leadership dimensions

Self-awareness	Leaders are demonstrating an understanding of how one derives and makes meaning of the world.
	Leaders are showing an understanding of one's strengths and weaknesses.
	Leaders gaining self-insight and cognisant of one's impact on other people.
Relational transparency	Leaders are presenting authentic behaviour (as opposed to a fake or distorted self) to others.
	Promotes trust through disclosures that involve openly sharing information.
	Expressions of one's true thoughts and feelings while trying to minimise displays of inappropriate emotions.
Balanced processing	Leaders objectively analyse all relevant data before coming to a decision.
	Leaders solicit views that challenge their deeply held positions.
Internalized moral perspective	Leaders internalise and integrate a form of self-regulation, guided by internal moral standards and values.

Sources: Kernis, 2003; Ryan & Deci, 2003; Gardner et al., 2005 (cited in Walumbwa et al. 2008).

Burns (1978) highlighted that only if the underlying values were morally uplifting could the leader be considered transforming. Authentic leadership outcomes are a reflection of the internal values of a leader and do not necessarily match the outcomes of transformational leadership (Walumbwa et al., 2008). A leader needs to talk and walk the talk, as followers imitate the leadership behaviour (Treviño, Hartman, & Brown, 2000). The role of moral leadership behaviours and influence processes was explored by several authors who then concluded that all forms of leadership behaviour gain their legitimacy and credibility from the leader's moral standing and integrity (Bass & Steidlmeier, 1999; Kanungo & Mendonca, 1996). They further suggested that ethical leadership creates long-term organisational effectiveness and sustainability.

Gardner et al. (2005), along with other authors, asserted that an advanced level of moral development is a requirement for the achievement of leader authenticity (as cited by (Walumbwa et al., 2008, p. 93). They concluded that any theory of leader development, but particularly one focused on authentic leadership development, will be incomplete and misguided if it does not contribute to increased awareness and attention to the inherent ethical responsibilities that reside in the leadership role (as cited in Walumbwa et al., 2008, p. 94). Trevino et al. (2000) defined ethical leadership as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (p. 120).

Linking the literature discussed at the beginning of section 2.2.3.3., a leader with strong ethics and morality displays behaviour of an authentic transformational leadership (ethical leadership). A leader who was weak on either moral leader or a moral person (traits) displayed behaviours of a pseudo-transformational leadership (unethical leader; hypocritical leader and ethical neutral leader).

2.3.6 Relationship between political, authentic and transformational leadership

Weber (1958) said political leaders are charismatic, with many scholars concluding that charismatic leadership is the same as transformational leadership (Bass & Avolio, 1990; Bass, 1985). Helms (2012) explained political leadership regarding three fundamental criteria: authenticity, effectiveness and responsibility, and further said that leaders need to uphold and show authentic and ethical behaviour which employees can imitate and trust (p. 261). The pressure for moral, ethical, servant leaders and quality service delivery from society or citizens has intensified (Pretorius and Schurink, 2007; Seijts and Roberts, 2011) Political leaders should have not only transformational

leadership style and efficient service delivery but also possess authentic leadership style.

Authentic leadership incorporates several leadership styles such as servant, charismatic, transformational, and much positive leadership. However, authentic leadership is more concerned with building long-term relationships, effectiveness and moral leadership. This is in contrast to transformational leadership, which is defined as more charismatic (George, 2014). It must be noted that authentic leadership, unlike transformational leadership, does not aim to change followers into leaders but to be role models for them (Bass, 1985; Luthans et al., 2005).

2.4. Psychological Contract

Leading scholars such as Robison, Rousseau, and Morison have done more research on the topic. However, the phrase “psychological contract” is often attributed to Argyris (1960), who speculated on the working relationships observed in a field study (cited in Cullinane & Dundon, 2006, p.114).

The psychological contract has become a framework for understanding employment relationships. When employees join an organisation, they are made to sign a legitimacy contract which explains the transactional relationship and benefits between the employer and employees. Before they come to an organisation, employees already hold a perception of employer’s obligations and relationship. It is, however, said that there is another contract based on the employment relationship and social factors, called psychological contract.

There are numerous definitions of the psychological contract. Schein (1978) defined psychological contract as “a set of unwritten reciprocal expectations between an individual employee and the organisation”. Guest (2004) and Rousseau (1989) defined it as the perceptions of the mutual obligations in an employment relationship. Rousseau (2004) defined psychological contracts as “beliefs, based upon promises expressed or implied, regarding an exchange agreement between an individual and, in organisations, the employing firm and its agents”. These unwritten contracts are increasing as organisations are going through shareholders or administrative changes due to the high demand of performance and ethical leadership.

According to Coyle-Shapiro (2002), employees perceive psychological contract as an obligation to be fulfilled by the employer in the form of rewards. Violet (2005) pointed out that these fulfilments are likely to be influenced by social factors within or outside

the organisation, and individual personality, while Cullinane and Dundon (2006) emphasised that psychological contract is essential to understand and manage the employment relationship. Rousseau (1989) concluded that psychological contract concept is tied to individual, organisational commitment.

According to Sparrow (1996), psychological contracts underpin the working relationship and provide a basis for capturing complex organisational phenomena by acting similarly to hygiene factors. A further claim from Sparrow (1996) is that good contracts would not always result in superior performance, but poor contracts tend to act as demotivators and can be reflected in lower commitment and heightened absenteeism and turnover.

There has been a significant challenge for human resources in maintaining a favourable psychological contract to attract and retain qualified employees (Butler & Waldroop, 1999). Psychological contract must be efficiently managed as is subjected to change from subsequent events. Robison and Rousseau (1994) concluded that psychological contract could be a significant tool that can determine the quality of the employees in an organisation. A positive relationship between employers and employees is of paramount importance for an organisation to remain sustainable.

2.4.1. Psychological construct

Employers need to ensure healthy and harmonious relationships with its employees to suppress the anxiety and insecurities (Rousseau & Barends, 2011), to ensure that there is still balanced mutual obligation and fulfilment between employers and employees (Janssens et al., 2003).

Rousseau (1990; 1995) developed a psychological contract typology which is characterised by the different orientation towards time frame and tangibility. Four dimensions were developed and distinguished by Rousseau (1995; 2000) with the most discussed dimensions of psychological contract being (Rousseau & Parks, 1993):

Transactional: Short-term employment relationship; unambiguously specified mutual obligation; more tangible and based on economic and extrinsic focus (Rousseau, 2000, p. 3).

Relational contract: A long-term relationship with no unambiguously specified mutual obligations. It includes loyalty, trust and mutual stability, and organisational citizenship

behaviour (employees are more willing to work, help co-workers and support organisational changes) (Salazar-fierro & Bayardo, 2015). The relational psychological contract can further be described by Shore and Barksdale (1998) as balanced and both parties are having mutually high obligations.

Balance contracts: Dynamic and open-ended employment arrangements conditioned on the economic success of the firm and worker opportunities to develop career advantages (Rousseau, 2000, p.3). Shore and Barksdale (1998) said that psychological contract is balanced if the perceived obligations of the employee and those of the employer are at the same level (as cited in Janssens et al., 2003, p. 9). The balanced obligation is a combination of relational and transactional psychological contract (De Jong, Schalk & Cuyper, 2009; Shore & Barksdale, 1998; Van De Ven, 2011). The contract will, however, take the character of the dimension which is more dominant (relational or transactional).

If it is relational, the balanced psychological contract will be focused on high mutual obligations, and be either significant or not significant, with variables that will test relationships. Also, if it is transactional, the balanced psychological contract will be of low mutual obligations and be either significant or not significant, with variables with which the transactional will be tested (De Jong et al., 2009; Shore & Barksdale, 1998).

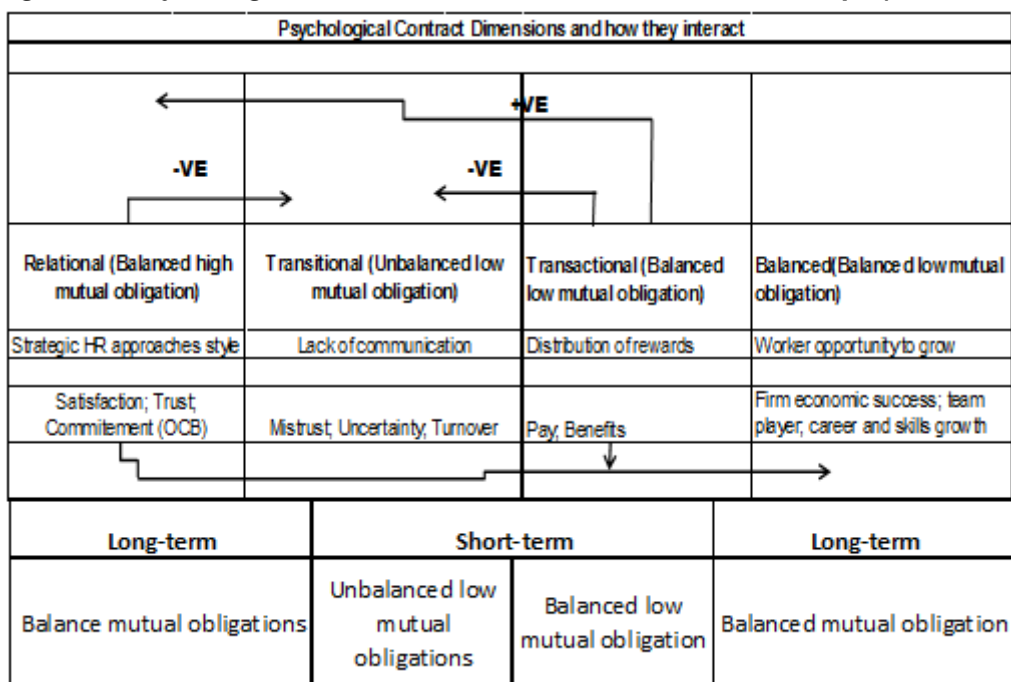
The balanced low obligation is said to be a period when both employees and employer have low mutual obligations, which may, in turn, result in unbalanced low obligations, which Rousseau (2000) described as a transitional psychological contract. An employer will perceive an over-obligation while an employee perceives an under-obligation, both of which are unbalanced obligations (Van De Ven, 2011).

Transitional contract: The phase where the employer changes the terms of the contract in response to a crisis or situation, which may result in a psychological contract violation and leads to employer-employee relationship mistrust, as employees see inconsistency from their employer. An erosion develops as employees expect to receive fewer future returns from the employer and their commitment and performance declines.

According to Maguire (2002), there is an interaction between the entire psychological contract with a focus on transactional, transitional and relational interaction. She further said that changes in transactional terms of the contract influenced the kind of relational rewards expected or obligations perceived by the employee (loyalty, commitment and

stability) (p. 3). A positive transactional term is associated with a relational psychological contract or balanced high mutual obligations. Negative transactional terms lead to withdrawal by employees of some or all of their contributions on the relational component of the psychological contract. They reduce commitment, loyalty or trust in management also referred to as unbalanced mutual obligation or low mutual obligation (Shore & Barksdale, 1998; Maguire, 2002, p. 3), which leads to transitional psychological contract or unbalanced low employee obligations. Figure 2.2 shows the interaction between the four types of psychological contracts as explained by Rousseau (2000), Maguire (2002) and Shore and Barksdale (1998).

Figure 2.2 Psychological Contract dimensions and their relationships (Interaction)



(Source: (Shore & Barksdale, 1998; Maguire, 2002)

It can be concluded that balanced psychological contract is the combination of relational and transactional psychological contract as discussed above (Shore & Barksdale, 1998). Unbalanced low obligations can either be from the employer (over-obligation), where the employer perceives more obligations than the employee, or from the employee (under-obligation), where the employee perceives more obligations than the employer.

2.4.2. Psychological contract as emerging set of concerns

Organisations operate in a chaotic period of a new age where leaders are expected to have moral and ethical leadership styles while ensuring organisational sustainability. In these chaotic times, there are changes in how things are done and communicated, with some organisations adopting temporary or contract labour as a coping strategy. These changes may have implications for human management, both for the organisation and employees. Employees are no longer assured of their lifetime employment or their loyalty to the employer. In this instance, psychological contract presents an excellent opportunity for examining and managing employer-employee relationships during the changes and chaotic periods (Tyagi & Agrawal, 2010).

Psychological contract plays a vital role in making organisations understand the employment relationship; it is dynamic and changes according to changes in relationships and needs.

Butler and Waldroop (1999), emphasised the role of psychological contract in recent years, while human resources are expected to manage and maintain a favourable psychological contract in the organisation to attract and retain qualified employees. The psychological contract is therefore not merely an abstract relationship but can be a significant tool that can determine the quality of the employees in a particular organisation (Robison & Rousseau, 1994). According to Rousseau (1998), employer and employee should value trust, as it is the most critical factor in the psychological contract and employment relationship.

Several factors from the organisation or individuals influence the psychological contract. In their report, Guest and Conway (2000) designed a model that shows factor causes and consequences of psychological contract. The model identifies the individual, organisational factors and influences of policy as the causes, while it recognises the attitudinal and behavioural consequences. Organisational, social, political and economic changes have influenced change on psychological contracts which then change the nature of employment relationships and behaviours in organisations (Akhtar & Long, 2015, p. 189).

Robison and Rousseau (1994) pointed out that psychological contract violation, which occurs when one party perceives another to have failed to fulfil their promised obligation, leads to conflict and dissatisfaction in an organisation. It is therefore essential for both parties to understand and fulfil their obligations. The breach of

psychological contract may damage the employment relationship and may result in employees moving towards transitional psychological contract or negative work attitude and behaviour (Morrison & Robinson, 1997). Violation of the transactional obligation results in low job satisfaction, while that of the relational obligation results in poor job and organisational commitment or organisational citizenship behaviour, which is associated with reduced performance and turnover (Robinson, Kraatz, & Rousseau, 1994; Rousseau, 1990; Tyagi & Agrawal, 2010).

2.5. Relationship between authentic leadership and psychological contract

Unlike psychological contract construct which emerged more than a half-century ago, authentic leadership construct has just emerged, and it is more relevant now due to globalisation and leadership behaviour demanded by citizens. Recent literature suggests that authentic leadership may affect employees' work attitude and behaviour (Avolio, Gardner, Walumbwa, Luthans, & May, 2004; Luthans et al., 2005). It was already explained how the psychological contract affects the employment relationship, attitude and behaviour of employees, which may either be positive or negative. The balanced psychological contract is a combination of relational and transactional psychological contracts. The dimensions of interactions were explained with most focus on the relational contract and the perceived behaviour of leaders by employees, which determines the job attitude and behaviour (Rousseau, 2000; Maguire, 2002; Van de Ven, 2011; Shore & Barksdale, 1998).

Walumbwa et al. (2008) found that authentic leadership behaviour is a significant predictor of job satisfaction and organisational commitment, and greater trust in leadership (as cited by Erkutlu & Chafra, 2013, p. 831). It is also said to promote a positive relationship between employers (leaders) and employees, which may result in balanced and high mutual obligations psychological contracts with higher employment relationships, engagement and job satisfaction (Giallonardo, Wong, & Iwasiw, 2010; Walumbwa et al., 2010).

This may highlight the relationship between authentic leadership and psychological contract, with research evidence from Avolio et al. (2004) supporting the proposed relationship between authentic leadership and follower attitude and behaviour (Erkutlu & Chafra, 2013).

2.6. Effect of job embeddedness on the relationship between authentic leadership and psychological contract

Employees are the most crucial part of the organisation, and their retention is one of the most significant challenges faced by organisations. For public sector organisations to deliver efficient, quality service, it requires competent, motivated and dedicated employees. Pillay and Hofmeyer (2014) referred to these employees as “social capital” which they described as “a resource that is increasingly recognised as a crucial aspect of the modern organisation”. They further suggested that employee retention is the responsibility of senior management (Pillay & Hofmeyer, 2014, p. 31). Using psychological contract for job security is no longer possible; organisations need to find new ways of retaining and inspiring commitment among employees. New ways of motivating and retaining employees were developed by Mitchell et al. (2001), called the construct of job embeddedness. Job embeddedness (JE) theory is focused on factors which encourage employees to remain with an organisation instead of leaving (Zhang, Fried, & Griffeth, 2012, p. 220).

During organisational change and due to the way change came about, or insecurities or behaviour of leadership, there tends to be a rise in voluntary turnover with those employees on which the organisation is dependent constituting the bulk of those that leave. This may leave the organisation to experience a decrease in customer service, affecting service delivery. Employee retention is the most crucial factor in organisational change. Balfour and Wechsler (1996) said that there is a perception that public workers employees are less likely to leave the employ of the organisation due to the friendly work environment and affiliation with other employees in the organisation. Attitude to the job, such as job satisfaction (positive pay incentives, chances of promotion, supervision and a positive work environment), and commitment, are said to have a positive relationship with retention regarding the decision to either stay or leave, which involves different psychological and emotional processes (Lee, Mitchell, Sablinski, Burton, & Holtom, 2004). However, other factors such as employee perception of injustice, unfairness or burnout, and factors outside the job environment, may lead to employees leaving while still satisfied and happy with their current jobs. Hom, Griffeth and Sellaro (1984) and Griffeth, Hom and Gaertner (2000) reported that attitudinal variables (job satisfaction and commitment) control only about 4%-5% of the variance in turnover (as cited in Holtom & O’Neil, 2004, p.5). Taunton, Boyle, Woods, Hansen and Bott (1997) found that leaders’ consideration of the well-being and efforts

of employees explains variance in turnover of nursing staff, more than that of job attitude.

The embedded figures test (Witkin, Dyk, Faterson, Goodenough, & Karp, 1962), and Lewin, Cartwright and Price's (1951) field theory research, informed the concept of job embeddedness and helped in understanding the embeddedness construct. Pillay and Hofmeyer (2014) defined embedded figures as "figures immersed into a background and attached or linked in various ways" (p.33) while Lewin et al. (1951) suggested that the social identity of human beings is enmeshed in a network of forces and connections. Job embeddedness can either be work-related (such as relationships with co-workers or incentives) or non-work related (such as residing closer to work, or family working in the same area, or accessible transport). Individuals may feel the pressure to stay in the organisation because of their networks.

Holtom and O'Neil (2004) described job embeddedness as "a set of influences on employee retention" (p.6). According to Mitchell et al. (2001) and Lee et al., (2004), job embeddedness is a broad constellation of psychological, social, and financial influences on employee retention (as cited in Zhang, Fried & Griffeth, 2012, p. 221). Mitchell et al. (2001) developed three main dimensions that contribute to job embeddedness (links, fit and sacrifice). Each dimension has two sub-groups: organisational, which is on-the-job influences, and community, which is an off-the-job influence.

Links are defined as formal and informal connections which employees have with each other, or groups, or with institutions on and off the job. Several on and off the job links and attachments that an employee has could even involve his/her family, friends, community or team. Mitchell et al. (2001) emphasised that the more links between the employee and the web, the higher the chances of the employee choosing to stay in an organisation. Employees leaving the organisation are more likely to incur a financial, emotional and psychological cost as they will be leaving the links they created and would have to rearrange their lives and start new links.

Fit refers to an employee's perceived compatibility on-the-job in the organisation, and off-the-job within the surrounding community (Lee et al., 2004; Mitchell et al., 2001). Employee job-fit or organisational-fit helps leadership to increase job attitude, which then assists in reducing turnover, as employees would be less likely to leave. Mitchell et al. (2001) describe fit as how well employee values and career aspirations are compatible with on the job requirements (environment), organisational culture. These

also include off the job community/national culture and surrounding environment. They further hypothesised that on-the-job embeddedness was significantly predictive of organisational citizenship and job performance, whereas off-the-job embeddedness was not. Employees will feel compatible with the organisation and their job if they believe that the employer shares same values and perceived leadership behaviour.

The more the employee feels compatible with the organisational culture, environment, job, team and community, the more embedded he/she would be, which would then mean less turnover (Holtom, Mitchell, & Lee, 2006).

Sacrifice is explained as the psychological, financial and social cost if an employee decides to leave the organisation and community. This is all that the employee would relinquish and has been proven to reduce turnover intention. The more the employee gives up if he/she decides to leave, the more difficult it is to leave the organisation as the switching cost is high (Haltom, & O'Neill, 2004). The employee would sacrifice things such as health benefits, bonuses, job stability and having to relocate.

Job embeddedness has factors which tangle employees into their jobs, and this may bring improvement of organisational citizenship behaviour. For this research study, the on-the-job influence was discussed as the focal point, and not off-the-job (community), and thus this aspect is not reviewed.

With literature suggesting that there is a relationship between authentic leadership and psychological contract, Mitchell et al. (2001) concluded that job embeddedness might be a predictor of turnover. Their research focused on why employees stay in organisations, and they developed constructs which support why they stay as discussed in section 2.6. Job embeddedness covers the collection of employee relations with each other and with the organisation and is said to be determined through meeting the needs and well-being of individuals (Mitchell et al., 2001). Those needs of employees are either a legal contract or a less than legal contract which Rousseau (1989; 1990; 1995; 2000) and other scholars defined as a psychological contract. This has become part of human resource management as it contributes to sustained employee job commitment and satisfaction in many organisations (Cullinane & Dundon, 2006). It promotes job security, loyalty and justice to employees if new forms of contract are introduced. Rousseau (1989) defined psychological contract as the perception of exchange agreement or obligations between employer and employee or oneself while influencing the behaviour of both parties. It can be a mutual or individual obligation but is more focused on maintaining and strengthening the

employment relationship while preventing turnover (Cullinane & Dundon, 2006; Salazar-fierro & Bayardo, 2015). Lack of job embeddedness and decline in trust and performance leads to turnover (Mitchell et al., 2001; Rousseau, 2000) by those who are embedded formally, while those embedded informally are found to have less intention to leave (Mitchell et al., 2001; Takawira et al., 2014).

Authentic leadership, on the other hand, is said to effectively influence performance and development of followers (Wang, H., Sui, Luthans, Wang, D., & Wu, 2014). They engage with their followers while sharing and communicating information and perceptions and feelings about their colleagues while encouraging transparency and moral process by being a role model (Chafra & Erkutlu, 2016). Much research which focuses on job embeddedness and leadership, was on leader-member-exchange (leader-subordinates relationship through work tasks (Sekiguchi, Burton, & Sablynski, 2008) and found that job embeddedness positively influences performance, or OCB, when the quality of leader-member exchange is high. This may be due to effective leadership behaviour from the leader (Sekiguchi et al., 2008). This then provides employees with access to relationships, information sharing, open communication, role models and support in their jobs. If there is poor leadership, which results in poor leader-member exchange, employees will feel conflicted, and this may result in a transitional psychological contract, and even turnover, despite high job embeddedness.

From the discussion, job embeddedness positively influences psychological contract and leadership. However, even though there is not much literature on the influence on the relationship between authentic leadership and psychological contract, it can be proposed, based on the literature, that there is a positive influence.

2.7. Summary

In the literature review the grounding of the study was conducted, followed by leadership and psychological contract, their relationship and the effect of job embeddedness of the relationship.

Firstly, grounding of the study focused on organisational change, leadership and culture, mostly in the public sector, and the effects on leadership and employees. Secondly, the type of leadership required during political transition with the focus on political, transformational and authentic leadership theories, traits, characteristics and

their relationships. Thirdly, it reviewed the concept of psychological contracts, how it comes about and violation of it, how it interacts with leadership styles and influence on organisational performance. Lastly, it reviewed theories on job embeddedness, mostly on turnover or employee retention, and how job embeddedness can moderate the relationship between authentic leadership style and employee psychological contract.

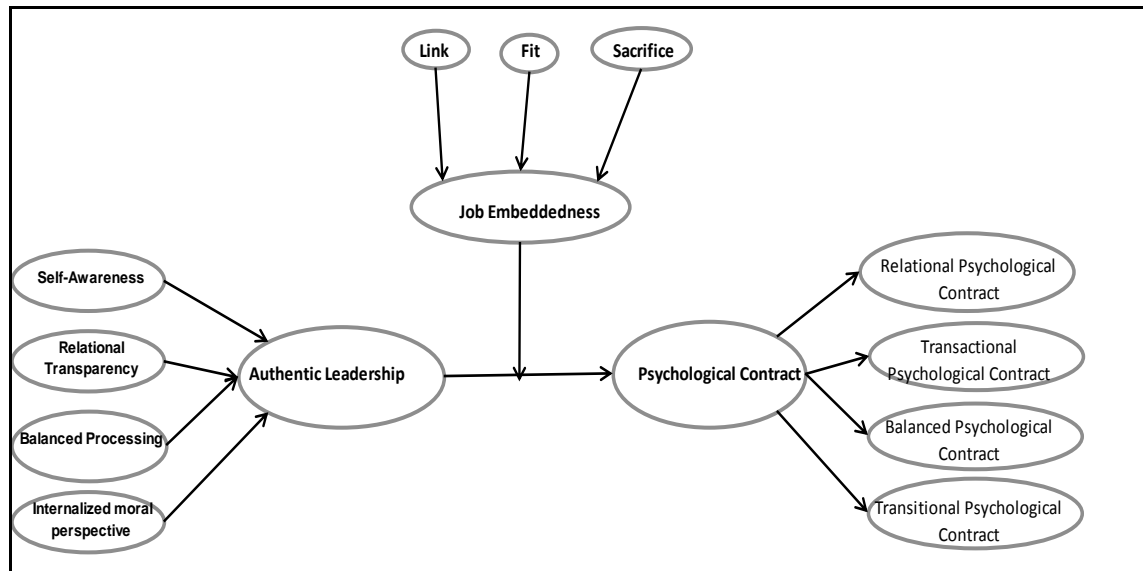
The next chapter presents the conceptual model, the research questions and developing the hypotheses from the literature review which drove the selection of design and methodology in Chapter 4.

CHAPTER 3: RESEARCH QUESTIONS AND HYPOTHESES

3.1. Introduction

In Chapter 2 the literature related to the effects of leadership on the psychological contract was synthesised and discussed. This has led to the development of the conceptual model for the study (Figure 3.1). This is a descriptive that shows the key elements of interest and hypothesises the relationship between them. Shoemaker (2004:112) explains that even though the conceptual model is not a theory, a model can be used to represent the theory. In this study, the hypothesised relationship is among leadership, psychological contract and job embeddedness.

Figure 3.1. Conceptual model of the study



3.2. Research questions and hypotheses

The research attempted to understand the relationship between authentic leadership and psychological contract while using job embeddedness as the moderator to improve employee organisational citizenship behaviour in the organisation. The hypothesis developed for this model is to be tested to confirm or accept the theory within this study setting. To ensure practicality, these hypotheses have overarching questions. Saunders and Lewis (2012) posit that research questions “key questions that the research process will address, and these are often the precursors to research objectives” (p. 19).

3.2.1. Research Question 1

What is the level of political leadership using authentic leadership-based assessment?

The question was developed to investigate the level of authentic leadership at CoJ. This was critical as authentic leadership measures important work-related attitudes and behaviour while also acting as a complement to ethical and transformational leadership (Walumbwa et al., 2008). Brown and Trevino (2006) have suggested that due to increased acts of unethical behaviour by leaders, there has been an increased interest in the leadership having ethics, and this has seen the development of constructs such as ethical leadership. As such, hypothesis 1 was stated as follows:

*H₀₁: There was no clear view on the level of authentic leadership at CoJ:
($\mu = m_0$)*

H_{A1}: There was low or high level of authentic leadership at CoJ ($\mu \neq m_0$)

3.2.2. Research Question 2

What is the level of psychological contract at CoJ?

Butler and Waldroop (1999) emphasised the role of psychological contract in recent years, as there has been a significant challenge for human resource experts to maintain a favourable psychological contract to attract and retain qualified employees. Psychological contract plays a vital role in making organisations understand the employment relationship; it is dynamic and changes as there is a change in relationships and needs. Hypothesis 2 is developed as follows:

*H₀₂: There was no clear view on the level of psychological contract at CoJ:
($\mu = m_0$)*

H_{A2}: There was low or high level of psychological contract at CoJ ($\mu \neq m_0$)

3.2.3. Research Question 3

What is the relationship of authentic leadership on psychological contracts?

The question aims to identify which dimensions of authentic leadership and psychological contract are related to each other and visibly perceived by employees.

This question focused on examining if authentic leadership inspires confidence and motivation of employees. Avolio et al. (2004) highlighted that “leadership is positively associated with work attitudes and behaviours at both an individual and organisational level” (p. 951). These authors further stated that leadership influences organisational commitment and performance. For every leadership behaviour, there is an ethical element used which can be for the benefit of everyone, or for individual self-serving leaders. In this regard, the hypothesis 1 was:

H₀₃: There is no or negative correlation between authentic leadership and psychological contract: $r \leq 0$

H_{A3}: There is positive correlation between authentic leadership and psychological contract: $r \geq 0$

3.2.4. Research Question 4

What is the moderating role of job embeddedness on the relationship between leadership and employee psychological contract?

Research has covered job embeddedness and its influence on employee decision to stay with the organisation or to leave. The three dimensions of job embeddedness on the job will, however, be linked with leadership and psychological contract. Job embeddedness is used as a moderator or smoother of employees’ psychological contract to retain employees rather than lose them. Leadership influences the organisational environment which may then impact on the psychological contract. Job embeddedness will be used as a mediator for the relationship between leadership and psychological contract. Employees with longer tenure services will have a more relational psychological contract and organisational embeddedness.

H₀₄: Job embeddedness will not moderate the positive relationship between authentic leadership and psychological contract

H_{A4}: Job embeddedness will moderate the positive relationship between authentic leadership and psychological contract

3.3. Chapter summary

The chapter covered the research questions about the study deducted from the literature review in chapter 2. The hypotheses and research questions introduced in this chapter guided the focus on the research. Based on this approach, an appropriate design and methodology of the study are selected and defended in Chapter 4.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1. Introduction

The previous chapter covered the research questions and the hypotheses for authentic leadership, psychological contracts and job embeddedness. This chapter starts by explaining the research paradigm, which is the philosophical position of the research, followed by research method, then design, which is the blueprint of the study. This is followed by the research methodology, which entailed the research setting, sampling methods, data collection methods used, data analysis, validity and reliability and ethics applied (Mouton & Marais, 1988).

4.2. Research paradigm

The research paradigm is the starting point of any research within the sphere of social science (Bryman, 2012). It is a set of link assumptions about the world, which is shared by a community of researchers investigating that world. The two most common paradigms are positivism and constructivism. In positivism, the objectivity and the evidence in searching for the truth are not affected by the researcher, while there is an interaction between the researcher and the participant in constructivism. This study employed positivism as it posits that this knowledge is produced through proposition testing, derived from theories and then tested empirically against the observation commonly known as deductive reasoning (Al-Saadi, 2014). The assumption of this study, based on the positivist orientation, is the reality that leadership influences employee psychological contract, and job embeddedness moderates the strength of this relationship.

4.3. Research method

The methods of study utilised in research can be mono (qualitative, quantitative), or a combination of the two, commonly known as mixed methods. The mono-quantitative study was applied to collect and test data to determine if there was any correlation relationship of the researched variables. According to Van der Merwe (1996), quantitative research is a research approach aimed at testing theories, determining facts, demonstrating relationships between variables, and predicting outcomes. Williams (2007) further elaborated that "quantitative research can be used in response to relational questions of variables within the research. It seeks explanations and predictions that will generate to other persons and places, with intent to establish,

confirm, or validate relationships and develop generalisations that contribute to theory" (Williams, 2007, p.66).

4.4. Research design

The research design used in the study was quantitative and descriptive. Many studies on these topics utilised the same quantitative method with those studies forming the base foundation of this research study. Saunders and Lewis (2012) defined descriptive studies as "research designed to produce an accurate representation of persons, events or situations" (Saunders & Lewis, 2012, p.111). This was an appropriate design, for that would ensure sufficient testing of hypotheses presented in Chapter 3. Overall, the correct research design was important to ensure that the research objective is achieved by bringing to the fore good quality data with the highest credibility, as many factors impact on psychological contract, political leadership, public sector organisations and job embeddedness. The design choice was to ensure that there is consistency and coherence throughout the research study, while also making sure that all employees participate freely, rather than having interviews.

Leadership and psychological contract are two topics which have been extensively researched, and many theories exist. Therefore, a deductive approach was used to test hypotheses of the research study. Data collected helped to deduce meaning and inferences based on the theories and statistical interpretation. Zikmund (2003) defined deductive reasoning as "the logical process of deriving a conclusion from a known premise or something is known to be true" (p.46), while Saunders, Lewis and Thornhill (2009) said that the "deductive approach explains causal relationships between variables" (p. 125). It is used with the quantitative research method and it starts with deducing the theory and hypotheses, collection of data and testing, and examining the specific outcome of the data which will either tend to confirm the theory or indicate the need for its modification (Creswell, 2003; Saunders et al., 2009, p.125).

4.5. Research methodology

Research methodology is the logic of implementing scientific methods in the study and includes, among others, the research setting, sampling, data collection methods used, data analysis, validity and reliability, and ethics applied.

4.5.1. Research setting

The research was conducted at City of Johannesburg Metropolitan Municipality. This is a local municipality that manages local governance in Johannesburg, Gauteng in South Africa, which is responsible for service delivery for one of the economic hubs of Africa. Municipalities are at the forefront of service delivery and work closely with politicians. It is a public-sector organisation which has gone through leadership change (administration change) after 3rd August 2016 local government elections. The city of Johannesburg has ten entities which are spread among areas of service delivery such as electricity (City Power), water and sanitation (Johannesburg Water), solid waste (Pikitup) and roads (Johannesburg Roads Agency).

4.5.2. Sampling

The sampling process involved five stages (Diamantopoulos & Schlegelmilch, 2005). These included population definition; specifying sampling frame; selection of sampling method; determination of sample size; and drawing the sample and data collection. Venkatesh, Brown and Sullivan (2016) echoed that sampling is an essential step in the research process because it helps to determine the inference quality that researchers make and influences the degree to which one can generalise the findings to the other individuals, groups, or contexts.

In this research, stage one was the identification of the population and unit of analysis. Saunders and Lewis (2012) defined population as "the complete set of group members" (p.132). The population can be people and employees such as in organisations and places. The target population for this study were City of Johannesburg employees of all levels. Despite the population frame being known, the size of the population could not be established by the researcher, although the researcher was aware that the City of Johannesburg had more than 5000 employees. The individual employees were the unit of analysis, as this can be an individual, group, organisation or artefacts (Zikmund, Carr, Griffi, & Fuller-Jacobsen, 2010)

In the second stage was acquiring a sampling frame. Saunders and Lewis (2012) explain the sampling frame as the list of all members of the total population. For this study, the sampling was taken at three of the ten City of Johannesburg (CoJ) entities: City Power, Town Planning, and JRA. This included the email listing directory of all employees from which the sample was chosen for the study.

In stage three, the sampling method was chosen between the probability and non-

probability methods. Based on the incompleteness of the sampling frame and the inability to predict or guarantee each element of the population, a non-probability sampling method using convenient sampling was applied (Leedy & Ormrod, 2013).

Stage four was the determination of sample size. With the exact population unknown, determination of sample size based on Slovin's formula, could not be used. Instead, the guidelines were used, proposed by Leedy and Ormrod (2013) citing Gay, Mills and Airasian (2012): "Beyond a certain point (about $N = 5000$), the population size is almost irrelevant, and a sample of 400 will be adequate" (p.112). In this study, the sample size selected was 501, which was a sum combination of all the emails of the employees obtained from the different entities of City of Johannesburg.

The last stage was the operational procedure for the selection of sample members and carrying out of the fieldwork. In this study, all the potential respondents were sent a link from the online survey, which was carried out using Survey Monkey[®]

4.5.3. Data collection

The data collection included the designing of the instruments and the data collection method.

Measuring instrument

The questionnaire adopted came from the authentic leadership, psychological contract and job embeddedness. There were four parts to the questionnaire, as per the research. The first part represented general demographic details to enable categorisation and analysis of results across gender, job level, work experience and age. The second section was to measure what factors make employees attached to their jobs, or job embeddedness, and which dimensions cause employees to remain in their jobs, as well as mediating between the new leadership and employees' psychological contract, based on Mitchell et al. (2001). The third section was to assess and measure the attitudes and behaviour of employees towards the new administration. The Psychological Contracts questionnaire was developed by Millward and Hopkins (1998), based on an adaptation of Rousseau's Psychological Contracts Index (2000). The last section evaluated and measured an authentic leadership style of the new administration and its dimensions: Transparency; Moral/Ethical; Balanced Processing and Self Awareness, explained in table 1 under literature review.

Individuals or management could measure how they perceive the new administration leadership style and behaviour. Authentic leadership questionnaire (ALQ) based on Avolio et al.'s (2008) work was used. Except for biographic variables, all other variables utilised a 5-point Likert scale.

Response collection

Conway and Briner (2005) indicated that even though there have been different methods to study the topics, self-completion survey questionnaires is what is commonly used to collect data on a psychological contract. The questionnaire was developed and administered on Survey Monkey, with the potential respondents sent a link to complete the questionnaire. The actual survey was open for four weeks, automated, and manual weekly reminder emails were sent to the respondents who had not completed the survey, and those who partially completed it. The survey period was from 15th August 2017 up until 15th September 2017, 23:59, when it closed automatically.

4.5.4. Data analysis

Collected data from Survey Monkey was extracted to Excel, and then imported to IBM SPSS version 24. The data was prepared by first coding it by questionnaires presented in Appendix C. After the data was coded, missing data analysis was conducted. All the data was found to be within an acceptable range of 5% (Schafer & Olsen, 1998). After the missing data analysis, normality and outlier were conducted to determine whether parametric or non-parametric instruments were to be used for inferential statistical analysis. The data was found to be normal, with no significant outliers. Skewness and kurtosis confirmed the normality with all the values within ± 2 (George & Mallery, 2003).

Descriptive statistics were conducted to understand the spread and central tendency of the data. For the spread of data, frequency, percentage frequency and standard deviation were employed, while mean and median were utilised for central tendency. To test the hypotheses, inferential statistics were conducted. Before this was done, an exploratory factor analysis using principal component analysis (PCA) with Varimax rotation was used for data reduction. These factors were subjected to reliability to confirm their internal consistency reliability using Cronbach Alpha coefficient. For all significant relationships, Pearson Correlation was used with linear regression analysis to understand the amount explained by the relationships. Job embeddedness was used to understand

the moderating effect on the relationship between authentic leadership and psychological contract using hierarchical regression test (Cohen, Cohen, West, & Aiken, 2003; Henry, Cohen, & Cohen, 1977).

4.5.5. Validity and reliability

Validity is concerned with measuring what the research is intended to measure. Content and construct validity were employed in this study to ensure that the intended measurement was done. The reliability is the degree to which the measure of a construct is consistent or dependable (Bhattacharjee, 2012; Saunders & Lewis, 2012). Yilmaz (2013) defined reliability as consistency or the degree to which a research instrument measures a given variable consistently every time it is used under the same condition with the same subjects.

Content validity

Existing instruments were used which were already validated. This was done to ensure the validity of the measurement. Despite this, an expert review and pilot was also conducted. Pilot testing of the questionnaire was an essential process as it allowed the researcher an opportunity to improve questions, format and scale (Creswell, 2013, p. 179). The questionnaire was sent to around 30 participants to test if it was easy to complete. They were sent on 8th August 2017, and the survey was only open for a week. Seven responses were received with comments on the typing error of the Likert scale where there were two options of strongly disagree, instead of strongly agree and strongly disagree. Another comment from the participant was regarding the comfort level of the statement: “how they perceive the new mayor”, which was rephrased to “how they perceive the new administration”. Saunders and Lewis (2012) said that “piloting of questionnaires assists in establishing any flaws with the questionnaire and its structure” (p. 148).

The questionnaire was amended as suggested and feedback was given to those participants who raised the flaws; they were satisfied and happy to participate. This ensured face validity. The time was also validated to improve the opportunity to respond. The survey was estimated to take between 15-20 minutes for each respondent. However, after analysing the responses, it was then realised that on average, it took a maximum of 12 minutes to complete.

Construct validity and reliability

The construct validity refers to the extent to which a measure adequately represents the underlying construct that is supposed to measure the accuracy of research data (Bhattacharjee, 2012; Saunders & Lewis, 2012; Yilmaz, 2013). Rousseau (1989; 1990; 2000; 2004) is the renowned author of psychological contract and is credited with the development of the PCS instrument which has been used for many decades and sees scholars adopting it while studying psychological contract or organisational behaviour. Construct validity was conducted in leadership, psychological contract and job embeddedness constructs.

Leadership

Table 4.1 presents the KMO and Bartlett test which was 0.923 and significant with a p-value of <0.000, with these results confirming the suitability of factor analysis (Hair, Black, Babin, Anderson, & Tatham, 2006).

Table 4.1 KMO and Bartlett's test for authentic leadership

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.923
Bartlett's Test of Sphericity	Approx. Chi-Square	987.771
	df	120
	Sig.	.000

The analysis extracted two factors from 16 variables, with the total variance of 65.5%, all having a factor loading of more than 0.4 and Eigenvalues more than one. Factor 1 had the highest % variance of 58.3%, and the Eigen value was 9.3 (Table 4.2).

Table 4.2 Extracted variance, loading and Eigen values of leadership construct

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.330	58.314	58.314	9.330	58.314	58.314	7.249	45.308	45.308
2	1.147	7.169	65.483	1.147	7.169	65.483	3.228	20.175	65.483
3	.984	6.147	71.630						
4	.789	4.929	76.559						
5	.616	3.847	80.406						
6	.517	3.231	83.638						
7	.440	2.750	86.388						
8	.422	2.639	89.027						
9	.341	2.133	91.160						
10	.312	1.947	93.107						
11	.261	1.634	94.741						
12	.222	1.389	96.130						
13	.208	1.299	97.429						
14	.167	1.043	98.473						
15	.137	.856	99.328						
16	.107	.672	100.000						

Extraction Method: Principal Component Analysis.

The rotated matrix indicates the set of statements that formed the factor (Table 4.3).

Table 4.3 Rotated component matrix of leadership construct

	Component	
	1	2
Listens carefully to different points of view before coming to conclusions.	.833	.127
Shows he or she understands how specific actions impact others.	.831	.055
Knows when it is time to re-evaluate his or her position on important issues.	.818	.274
Seeks feedback to improve interactions with others.	.817	.212
Asks me to take positions that support my core values.	.779	.316
Accurately describes how others view his or her capabilities.	.759	.411
Demonstrates beliefs that are consistent with actions.	.736	.355
Analyses relevant data before coming to a decision.	.722	.400
Encourages everyone to speak their mind.	.677	.472
Admits mistakes when they are made.	.629	.410
Makes difficult decisions based on high standards of ethical conduct.	.606	.565
Solicits views that challenge his or her deeply held positions.	.595	.524
Tells me the hard truth.	.590	.542
Makes decisions based on his or her core values.	.529	.431
Displays emotions exactly in line with feelings.	-.033	.872
Says exactly what he or she means.	.280	.557

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

These two factors were subjected to internal reliability consistency Factor 1 (authentic leadership). They were found to be reliable with Cronbach Alpha coefficient, and one factor (self-awareness) was found to be reliable with an $\alpha < 0.7$ (George and Mallery, 2003). Factor 2 (self-awareness) was not reliable with $\alpha = 0.399$ with two items. It was not possible to delete an item since there were only two items and there is no possible analysis with just one item. Same as on Factor one (authentic leadership) was used to test the hypotheses.

Psychological contract

The KMO and Bartlett's test was conducted for factor reduction of the psychological contract constructs. Table 4.4 presents the KMO test results with 0.682 and Bartlett's test was significant with a p-value < 0.000 , with these results confirming the suitability of factor analysis.

Table 4.4 KMO and Bartlett's test for authentic leadership

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.682
Bartlett's Test of Sphericity	Approx. Chi-Square	384.801
	df	91
	Sig.	.000

The analysis extracted four factors from 14 variables, the total variance of 63.1% with all having a factor loading of more than 0.4 and Eigenvalues of more than one (Table 4.5).

Table 4.5 Extracted variance, loading and Eigen values of psychological contract construct

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	3.577	25.551	25.551	3.577	25.551	25.551	2.768	19.771
2	2.319	16.567	42.119	2.319	16.567	42.119	2.631	18.793	38.565
3	1.893	13.524	55.643	1.893	13.524	55.643	2.216	15.832	54.396
4	1.049	7.492	63.136	1.049	7.492	63.136	1.224	8.739	63.136
5	.989	7.065	70.201						
6	.843	6.025	76.226						
7	.698	4.989	81.214						
8	.567	4.047	85.262						
9	.503	3.592	88.854						
10	.428	3.055	91.909						
11	.352	2.512	94.421						
12	.303	2.166	96.587						
13	.273	1.952	98.539						
14	.205	1.461	100.000						

Extraction Method: Principal Component Analysis.

Factor 1 (transactional psychological contract) had the highest percentage variance of 25.5% followed by factor 2 (relational psychological contract) with 16.6%. Their Eigenvalues were 3.6 and 2.3, respectively. The rotated matrix shows the set of statements that formed the different factors (Table 4.6).

Table 4.6 Rotated component matrix of psychological contract construct

	Component			
	1	2	3	4
I expect to be paid for any overtime I do.	.779	-.064	.057	-.149
My loyalty to the organisation is defined by the terms of my contract.	.766	.063	-.286	.141
I prefer to work a strictly defined set of working hours.	.649	-.137	.143	.136
I only do what is necessary to get the job done.	.567	.297	-.065	.147
I expect to gain promotion in this company with the length of service and effort to achieve goals.	.520	.259	.391	.096
The organisation shows concerns for my long-term wellbeing.	-.028	.849	.123	.017
The organisation develops/rewards employees who work hard and exert themselves.	.082	.810	.098	-.188
The organisation provides employees with an opportunity to participate in decision making.	-.019	.802	-.147	.209
I feel this company reciprocates the effort put in by its employees.	.384	.452	.357	-.210
My job means more to me than just a means of paying my bills.	-.073	-.015	.718	.065
I do my job just for the money.	-.493	-.119	.690	-.163
I expect to develop my skills for growth in this company.	.240	.453	.672	.176
I am motivated to contribute 100% to this company in return for future employment benefits.	.299	.054	.568	.416
If I reach the targets specific in my job, I am satisfied.	.102	-.014	.123	.880
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 8 iterations.				

All these factors except factor 4 were subjected to internal reliability consistency using Cronbach Alpha coefficient, and the three factors were found reliable: Factor 1 (transactional psychological contract), Factor 2 (relational psychological contract) and Factor 3 (balanced psychological contract) with acceptable α values.

Job embeddedness

The KMO and Bartlett's test was conducted for factor reduction of job embeddedness constructs. Table 4.7 presents the KMO test results with 0.759 and Bartlett's test was significant with a p-value <0.000, with these results confirming the suitability of factor analysis.

Table 4.7 KMO and Bartlett's test for job embeddedness

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.759
Bartlett's Test of Sphericity	Approx. Chi-Square	250.132
	df	45
	Sig.	.000

The analysis extracted three factors from 10 variables, and the three high non-normal variables with large outliers were excluded. The test had the total variance of 62.1%, with all having a factor loading more than 0.4 and Eigenvalues more than one (Table 4.8).

Table 4.8 Extracted variance, loading and Eigenvalues of job embeddedness construct

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	3.676	36.758	36.758	3.676	36.758	36.758	2.362	23.622
2	1.486	14.858	51.617	1.486	14.858	51.617	2.188	21.878	45.500
3	1.055	10.553	62.169	1.055	10.553	62.169	1.667	16.670	62.169
4	.973	9.734	71.904						
5	.758	7.584	79.487						
6	.589	5.886	85.373						
7	.457	4.567	89.941						
8	.424	4.243	94.184						
9	.332	3.324	97.507						
10	.249	2.493	100.000						

Extraction Method: Principal Component Analysis.

Factor one (Sacrifice) had the highest % variance of 36.8% followed by factor 2 (Fit) with the % variance of 14.9%, and their Eigenvalues were 3.7 and 1.5. The set of statements that constituted the factors are provided in Table 4.9.

Table 4.9 Rotated component matrix of job embeddedness construct

	Component		
	1	2	3
My promotional opportunities are excellent here.	.856	.036	-.018
If I stay with this organisation, I will be able to achieve most of my goals.	.813	.319	.033
I believe the prospects for continuing employment with this organisation are excellent.	.581	.314	.291
I would sacrifice a lot if I left this job.	.060	.796	-.043
I feel that my job utilises my skills and talents well.	.152	.754	-.190
I like the authority and responsibility I have at this organisation.	.235	.692	.398
I feel personally valued at work.	.455	.535	.276
The perks of this job are good (e.g., medical aid and pension).	.195	.107	.784
I am well compensated for my level of performance.	.488	-.014	.686
I feel like I am a good match for this organisation.	-.255	-.081	.474
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

All these three factors were subjected to internal reliability consistency using Cronbach Alpha coefficient, and the two factors were reliable with $\alpha < 0.7$ (George & Mallery, 2003). Factor 3 (Link) was not reliable with α value of 0.382 and after a possibility of deleting one item the Cronbach value was $\alpha < 0.7$.

4.5.6. Ethics applied

All the relevant best practices ethical considerations were applied in this study. The ethical approval was obtained from Gordon Institute of Business Science (GIBS). All the other relevant permission was obtained for the study, which included the City of Johannesburg (research setting). For the leadership questionnaire, permission was granted by the researchers and the Mind Garden website on condition that the study outcomes are shared with them.

All respondents were informed about the fact that they would be receiving emails to participate in the survey, and the background, objectives and importance of the survey

were explained. To ensure that each respondent understood the purpose of the study and corporation, a brief background about the research study and its authenticity was given at the beginning of the questionnaire, with contact details provided for further clarity. All the rights of the respondents were adhered to, which included voluntary participation, a right to withdraw any time during the process, privacy and confidentiality.

4.6. Methodological limitations of the study

The research is cross-sectional and was focused on one organisation, CoJ. As previously mentioned, the number of response targets was 200. The following are the limitations of the research study:

- The research took place in one municipality, and with the change in political leadership, the morality of employees was low, which meant poor participation.
- There was still resistance from entities to allow for a survey to be done even after getting permission.
- The IT settings were blocking some of the surveys, and participants could not continue to the next page.
- Time was not enough to ask for individual permission from entities and to convince employees to participate. The survey was opened for a month. The attempt to broaden the sample size was unsuccessful.

Despite these limitations, efforts were made to mitigate them and to ensure that they did not threaten the validity of the study, even though there was still inadequate generalisability. These factors, among others, resulted in having to send questionnaires to an extra 101 emails, more than the recommended sample of 400 and conducting extensive data preparation to minimise the bias as much as possible.

CHAPTER 5 FINDINGS OF THE STUDY

5.1. Introduction

The purpose of this study was to identify and analyse the relationship between leadership and psychological contracts of employees within the municipality (local government), and the moderating role of job embeddedness on leadership and psychological contract. The existence of this relationship in other settings and previous studies was discussed in the literature review in Chapter 2. This led to the development of the conceptual framework for this study and the hypotheses in Chapter 3. The approach that was used to confirm or reject the hypothesis, which entails the design and methodology, as discussed in Chapter 4. Overall, the study approach used deductive reasoning with a cross-section descriptive quantitative design. In this chapter, the demographic profile of the respondent is presented to contextualise the study, after which the construct validity for authentic leadership, psychological contract and job embeddedness were examined. Flowing from this was the hypotheses testing of the study. From the factor analysis, the four authentic leadership dimensions or independent variables, two factors were extracted with a total variance of 65.5% as discussed in Chapter 4 (Table 4.1-4.3) of which the only one was reliable (Table 5.4), and the level of authentic leadership has a sample value mean = 3.05 (SD = 0.746).

The reliable factor was called “Authentic Leadership” as it has all four dimensions in it. From the dependent variable, psychological contract, factors analysis extracted four factors or dimensions from 14 variables with a total variance of 63.1%. Of the four factors, three confirmed reliability with Cronbach Alpha coefficient ranges of 0.666 - 0.750 (Table 5.7). The balanced psychological contract was found to have a higher sample mean value (3.8), followed by transactional psychological contract (2.9) and relational psychological contract (2.7), with a sample value mean of the two below the neutral of 3. On the relationship between authentic leadership and psychological contract, a linear regression analysis was conducted, and only authentic leadership and relational psychological contracts were significant. The results are presented in Table 5.11. Balanced and transactional psychological contract was found to be insignificant. Furthermore, the test for a moderating effect on the relationship between authentic leadership and the psychological contract was found to have a positive influence, with all three dimensions having an eigen value of more than 1. The chapter is summarised and concluded, with the results discussed in Chapter 6.

5.2. Response rate and biographic profile

5.2.1. Response rate

A total of 501 questionnaires were sent to the employees of the local municipality over a period of four weeks. After closing the survey, a total of 110 responses were obtained. This means that the response rate was 22.0% based on the guidelines of Zikmund et al. (2010). This was within the range of online responses based on several studies cited by Nulty (2008, p. 303) which included Sweep (2006) with 23%, Ballantyne (2005) with 30%, and Nair, Wayland and Soedirolo (2005) with 31%. Of these responses, 92 were used as they met the requirements of a maximum of 5% of the missing data (Schafer, 1999).

5.2.2. Biographic profile

There were ten questions that profiled the respondents in this study, of which four were personal characteristics (gender, age, level of education, marital status) and six were employment characteristics (years of experience, current position, years in current organisation, years in current position, number of co-workers dependent on the respondents, and numbers of teams in which the respondents were involved).

The profile of the personal characteristics is presented in Table 5.1. In the gender section, males comprised 61.5% (n=56) with females comprising 38.5% (n=35). Within these participants, the highest number of respondents were in the age group of 40 years and older, with 46.2% (n=42) and closely followed by the age group of 31-40 with 44.0% (n=40). Regarding education, the highest number of respondents had a certificate or diploma as their highest education level with 42.4% (n=39), followed by respondents who indicated that they had a post-graduate degree as their highest education level with 35.9% (n=33). 19.57% (n=18) of those respondents indicated a degree as their highest education level, and 2.17% (n=2) indicated matric as their highest education level. The last variable on the personal characteristics was marital status. Two-thirds of the respondents indicated that they were married, with 66.0% (n=60), while the other third (34.1%) were not married.

Table 5.1 Personal characteristics profile of the participants

Personal profile		Frequency (n)	Percentage frequency (%)
Gender	Male	56	61.5
	Female	35	38.5
	Total	91	100
Age	30 or younger	9	9.9
	31- 40	40	44.0
	Older than 40	42	46.2
	Total	91	100
Education level	Matric	2	2.2
	Certificate & Diploma	39	42.4
	Degree	18	19.6
	Post Grad	33	35.9
	Total	92	100
Marital status	Yes	60	65.9
	No	31	34.1
	Total	91	100

The six employment variables of the employees are presented in Table 5.2. Half of the participants were professionals comprising 49.5% (n=45). This was the largest single group of respondents. They are followed by middle and junior management with 17.6% (n=16) and 16.5% (n=15), respectively. Of these employees, 42.9% (n=39) have been in their current position for between 4-8 years, while 34.1% (n=31) have been in their position for more than eight years. There was an equal number of employees that were involved in 2-3 teams and 4-5 teams (28.9%). 43.5% (n = 40) of the respondents had five or fewer co-workers that are dependent on them.

Table 5.2 Employment characteristics of the respondents

Job description		Frequency (n)	Percentage frequency (%)
Current position	Senior and Executive management	6	6.6
	Middle management	16	17.6
	Junior management	15	16.5
	Professionals	45	49.5
	Entry	9	9.9
	Total	91	100
Number of co-workers	Not specified	4	4.3
	5 or less	40	43.5
	6-10*	22	23.9
	11-20*	12	13
	More than 20	14	15.2
	Total	92	100
Work teams	No team	7	7.8
	one team	20	22.2
	2-3 teams	26	28.9
	4-5 teams	26	28.9
	More than five teams	11	12.2
	Total	90	100
Years of experience	5 years or less	14	15.2
	6 - 10 years	24	26.1
	11 - 15 years	29	31.5
	More than 15 years	25	27.2
	Total	92	100
Years in current organisation	5 years or less	14	15.2
	6 - 10 years	33	35.9
	11 - 15 years	25	27.2
	More than 15 years	20	21.7
	Total	92	100
Years in current position	3 years or less	21	23.1
	4 - 8 years	39	42.9
	More than 8 years	31	34.1
	Total	91	100

In summary, most of the employees who responded were males who were older than 40 years, have a diploma and certificate as their highest qualification and are married. The dominant employment characteristics were employees in the current organisation

for 6-10 years at a professional level and in their current role for 4-8 years with five or fewer co-workers who depends on them and participate in 2-3 or 4-5 teams at work.

5.3. Authentic leadership

In hypothesis 1, the main aim was to understand the level of authentic leadership at CoJ and is thus stated as follows:

H_{01} : *There was no clear view on the level of authentic leadership at CoJ:*
($\mu = m_0$)

H_{A1} : *There was low or high level of authentic leadership at CoJ ($\mu \neq m_0$)*

5.3.1. Descriptive statistics

There were 16 variables that were employed for authentic leadership assessment in this study. The descriptive statistics of these variables are provided in Table 5.3. The skewness and kurtosis confirmed the acceptable normality of the data. The range of skewness was -0.029 with a standard error of -0.468, while the range for kurtosis was 0.655 and -0.680. The level of leadership shows the median of three. There were no high statements in the “agree” range with the median or mean of four. There were three statements that the participants mostly agreed with. The three statements the employees most agreed with were: **‘Says exactly what he or she means.’** (Mean=3.29; SD=0.846); **‘Makes difficult decisions based on high standards of ethical conduct.’** (Mean=3.19, SD=0.999); **‘Tells me the hard truth’** (Mean=3.14, SD=1.023). The employee in a nutshell best viewed the leader as honest with integrity. There were six statements that the employee ranked low, with a mean of less than three:

- ‘Admits mistakes when they are made.’ had a mean of 2.88 (SD=1.047)
- ‘Listens carefully to different points of view before coming to conclusions.’ with a mean of 2.91 (SD=1.040)
- ‘Shows he or she understands how specific actions impact others.’ with a mean of 2.91 (SD =1.002)
- ‘Asks me to take positions that support my core values’ with a mean of 2.92 (SD=0.963)
- ‘Solicits views that challenge his or her deeply held positions.’ with a mean of 2.93 (SD=0.876)

- Encourages everyone to speak their mind. With a mean of 2.97 (SD=1.126)

Based on these results, the employees believed that leadership was suppressing their views and that leaders were not taking responsibility and admitting when they were wrong.

Table 5.3 Descriptive statistics of leadership

	N	Mean	Median	Std. Deviation	Skewness	Kurtosis
	Valid					
Says exactly what he or she means.	92	3.29	3.00	0.846	-0.160	0.222
Admits mistakes when they are made.	92	2.88	3.00	1.047	0.009	-0.550
Encourages everyone to speak their mind.	90	2.97	3.00	1.126	-0.223	-0.680
Tells me the hard truth.	90	3.14	3.00	1.023	-0.297	-0.433
Displays emotions exactly in line with feelings.	91	3.00	3.00	0.843	0.000	0.655
Demonstrates beliefs that are consistent with actions.	90	3.08	3.00	0.963	-0.468	-0.145
Makes decisions based on his or her core values.	91	3.08	3.00	0.969	0.068	0.084
Asks me to take positions that support my core values.	90	2.92	3.00	0.963	-0.228	-0.212
Makes difficult decisions based on high standards of ethical conduct.	91	3.19	3.00	0.999	-0.250	-0.021
Solicits views that challenge his or her deeply held positions.	89	2.93	3.00	0.876	-0.281	0.148
Analyses relevant data before coming to a decision.	91	3.01	3.00	0.937	-0.188	-0.026
Listens carefully to different points of view before coming to conclusions.	91	2.91	3.00	1.040	-0.185	-0.511
Seeks feedback to improve interactions with others.	89	3.12	3.00	1.020	-0.122	-0.479
Accurately describes how others view his or her capabilities.	89	3.07	3.00	0.876	-0.029	0.000
Knows when it is time to re-evaluate his or her position on important issues.	90	3.03	3.00	0.893	0.031	0.273
Shows he or she understands how specific actions impact others.	88	2.91	3.00	1.002	-0.165	-0.236

Std. Error of Skewness =0,254; Std. Error of kurtosis =0,503

5.3.2. Construct validity and reliability

From these sixteen variables, two factors were extracted with a total variance of 65.5% as discussed in chapter 4 (Tables 4.1 – 4.3) of which only one was reliable (Table 5.4). The mean was 3.48 with a standard deviation of 0.853 and a median of 3.50.

Table 5.4 Descriptive statistics, factor loading and reliability of authentic leadership dimension

Dimension	No of items	Factor loading	% Variance	Eigen values	Mean	Std deviation	Median	Cronbach Alpha (α)
Authentic leadership	14	0.529-0.833	58.314	9.330	3.483	0.853	3.500	0.955

5.3.3. Levels of authentic leadership

A one-sample t-test was used to understand if there were significant differences between the test value “3” and the actual sample mean (Table 5.5). “3” was selected as the hypothesised mean (μ), as this analysis was conducted on a 5-point Likert scale with 3 indicating that the participants were neutral whether there was authentic leadership at CoJ or not; with lower than 3 indicating low authentic leadership and higher than 3 indicating high authentic leadership. The results show that there was no significant statistical difference between the test value and sample value (m) with sample value mean =3.05 (SD=0.746).

Table 5.5 One sample t-test of authentic leadership

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Leadership	.577	80	.566	.04784	-.1172	.2128

N=81 Mean =3.0478 Std dev. 0.74623

It can be concluded that there was no decision on whether the authentic leadership was high or low, and thus the null is retained, which says the participants were neutral and that there was no low or high authentic leadership.

5.3.4. Difference in the levels of authentic leadership

To understand if there was a difference between the different demographic groups, an independent t-test for variables with two groups and ANOVA with variables with three groups or more was performed. The results are presented in Table 5.6 and 5.7.

Both gender and marriage status do not show statistical significant difference between their groups and the authentic leadership with gender, $t(78) = -0.127$, $p = .899$ and marriage status, $t(78) = 0.041$, $p = 0.967$.

Table 5.6 Independent t-test of demographic variables with authentic leadership

Variable		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Gender	Equal variances assumed	-0,127	78	0,899	-0,02555	0,20081	-0,42533	0,37423
	Equal variances not assumed	-0,137	71,656	0,891	-0,02555	0,18615	-0,39667	0,34557
Marriage status	Equal variances assumed	0,041	78	0,967	0,00821	0,19974	-0,38945	0,40587
	Equal variances not assumed	0,043	66,085	0,966	0,00821	0,19130	-0,37373	0,39015

Table 5.7 presents the ANOVA for the age, highest education, tenure for the type of work, position and current role, number of co-workers and number of teams involved. None showed the statistical difference with $p > .05$.

Table 5.7 ANOVA for demographics and leadership

Variable	Leadership					
		Sum of Squares	df	Mean Square	F	Sig.
Age	Between Groups	4,239	4	1,060	1,502	0,210
	Within Groups	52,901	75	0,705		
	Total	57,140	79			
Highest education	Between Groups	0,841	3	0,280	0,376	0,770
	Within Groups	57,345	77	0,745		
	Total	58,186	80			
Tenure in type of work	Between Groups	21,150	24	0,881	1,333	0,187
	Within Groups	37,036	56	0,661		
	Total	58,186	80			
Tenure in current position	Between Groups	2,800	4	0,700	0,959	0,435
	Within Groups	54,734	75	0,730		
	Total	57,534	79			
Tenure in organisation	Between Groups	21,546	28	0,770	1,092	0,383
	Within Groups	36,640	52	0,705		
	Total	58,186	80			
Tenure in current role	Between Groups	13,620	17	0,801	1,133	0,345
	Within Groups	44,566	63	0,707		
	Total	58,186	80			
Number of co-workers	Between Groups	20,435	28	0,730	1,005	0,480
	Within Groups	37,752	52	0,726		
	Total	58,186	80			
Number of teams involvement	Between Groups	6,245	9	0,694	0,948	0,490
	Within Groups	50,489	69	0,732		
	Total	56,734	78			

5.4. Psychological contract

In hypothesis two, the main aim was to understand the level of psychological contract at CoJ and is thus stated as follows:

*H₀₂: There was no clear view on the level of psychological contract at CoJ:
($\mu = m_0$)*

H_{A2}: There was low or high level of psychological contract at CoJ ($\mu \neq m_0$)

5.4.1. Descriptive statistics

The authentic leadership was the independent variable in this study, which was examined using the prediction of psychological contract in the local municipality employees. Table 5.6 presents the descriptive statistics of the psychological contract. The skewness and kurtosis confirm the acceptable normality of data, the range of skewness was -0.011 and -1.269 with a standard error of 0.251. The mean values show that the highest employees with the value of mean=4.02 (SD=0.961) with a median of 4.00 for the statement: ***'I do my job just for the money.'***, followed by the statement: ***'My job means more to me than just a means of paying my bills.'***, with mean=3.90 (SD=0.938), and ***'I expect to develop my skills for growth in this company.'*** with a mean of 3.82 (SD=0.990).

Table 5.8 Descriptive statistics of psychological contract

	N	Mean	Median	Std. Deviation	Skewness	Kurtosis
I prefer to work a strictly defined set of working hours.	92	3.05	3.00	1.083	-0.057	-1.066
As long as I reach the targets specific to my job, I am satisfied.	88	3.68	4.00	0.953	-0.945	0.446
I only do what is necessary to get the job done.	91	2.71	2.00	1.118	0.297	-0.840
I do my job just for the money.	92	4.02	4.00	0.961	-0.957	0.461
I expect to be paid for any overtime I do.	92	3.15	3.00	1.185	0.022	-1.162
My loyalty to the organisation is defined by the terms of my contract.	92	2.93	3.00	1.127	-0.011	-0.973
My job means more to me than just a means of paying my bills.	92	3.90	4.00	0.938	-1.188	1.717
I expect to gain promotion in this company with the length of service and effort to achieve goals.	92	3.53	4.00	1.063	-0.816	0.208
I am motivated to contribute 100% to this company in return for future employment benefits.	92	3.46	4.00	1.083	-0.416	-0.526
I feel this company reciprocates the effort put in by its employees.	89	2.91	3.00	0.913	-0.462	-0.165
I expect to develop my skills for growth in this company.	90	3.82	4.00	0.990	-1.269	1.826
The organisation develops/rewards employees who work hard and exert themselves.	91	2.65	3.00	1.158	0.024	-1.059
The organisation provides employees with an opportunity to participate in decision making.	91	2.59	3.00	1.000	0.146	-0.556
The organisation shows concerns for my long-term wellbeing.	91	2.78	3.00	0.940	-0.363	-0.713

Std. error of skewness = 0.251; Std. error of kurtosis = 0.498

The agreement with these statements underpins the importance of the respondent's jobs to them while cognisant of money driving them to do their job. The lowest statements were: 'The organisation provides employees with an opportunity to participate in decision making.' (Mean=2.59, SD=1.000), 'The organisation develops/rewards employees who work hard and exert themselves.' (Mean=2.65, SD=1.158) and 'I only do what is necessary to get the job done.' (Mean=2.71, SD=1.118, median = 2).

5.4.2. Construct validity and reliability

As discussed in Chapter 4, factors analysis extracted four factors or dimensions from 14 variables with a total variance of 63.1%. Of the four factors, three confirmed reliability with Cronbach Alpha coefficient range of 0.666 - 0.750 (Table 5.7).

Table 5.9 Descriptive statistics, factor loading and reliability of psychosocial contract

Factors	No of items	Factor loading	% Variance	Eigen values	Mean	Std deviation	Median	Cronbach alpha (α)
Transactional psychological contract	4	0.520-0.779	25.551	3.577	2.929	0.746	3.000	0.693
Relational psychological contract	4	0.452-0.849	16.567	2.319	2.713	0.756	2.750	0.750
Balanced psychological contract	4	0.568-0.718	13.524	1.893	3.797	0.704	4.000	0.666

5.4.3. Level of psychological contract

The results show that there was no statistically significant difference between the test value and sample value (m) for the transactional psychological contract, but there were differences in relational, balanced and overall psychological contract (Table 5.10). The significance for relational psychology, $t(86) = -3.54$, $p = .000$ was due to low relational psychological contract with a mean value = 2.71 (SD=0.756). This was in contrast to a balanced psychological contract which was also significant, $t(89) = 10.7$, $p = 0.000$ with

the high level where the mean was 3.80 (SD=0.704). Overall, the psychological contract was significant, $t(83) = 4.34, p = 0.000$.

Table 5.10 One sample T-test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Transactional	-.900	90	.371	-.07033	-.2256	.0849
Relational	-3.544	86	.001	-.28736	-.4485	-.1262
Balanced	10.743	89	.000	.79722	.6498	.9447
Psychological contract	4.344	83	.000	.23044	.1249	.3359

Relational: Mean = 2.71, std dev = 0.756; Balanced: Mean = 3.80, std dev = 0.704; Overall: Mean = 3.23, std dev = 0.486.

5.5. Effects leadership on psychological contract

A Pearson Product-Moment Correlation was utilised to test the effects of leadership on psychological contract. The tested hypothesis was as follows:

H₀₃: There is no or negative correlation between authentic leadership and psychological contract: $r \leq 0$

H_{A3}: There is positive correlation between authentic leadership and psychological contract: $r \geq 0$

5.5.1. Pearson Correlation

Pearson Product Correlation was conducted to test the correlation between leadership and the three dimensions of the psychological contract.

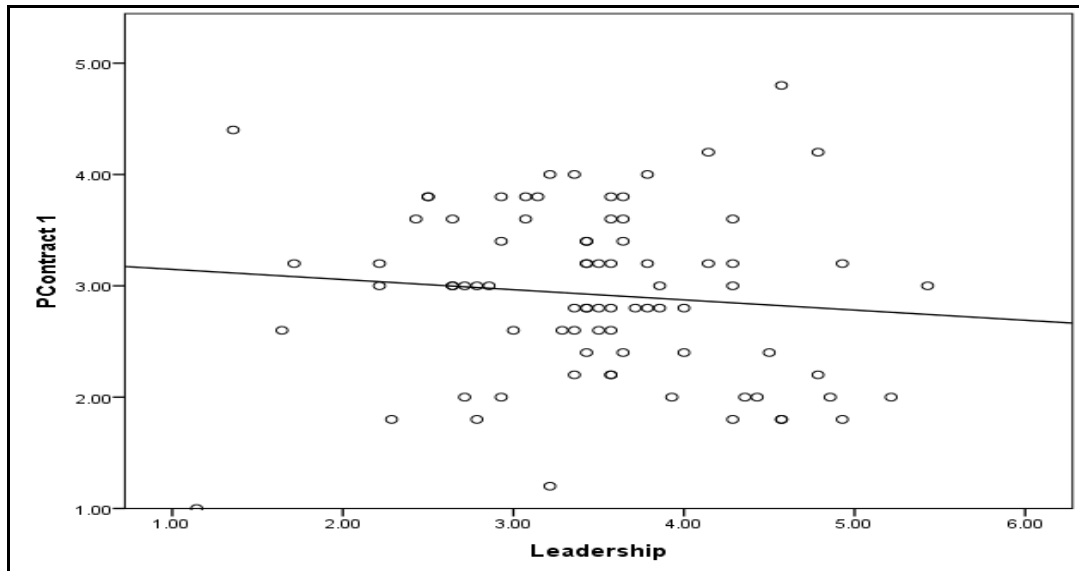
Authentic leadership and transactional psychological contract

H_{04a}: There is no or negative correlation between authentic leadership and transactional psychological contract: $r \leq 0$

H_{A4a}: There is positive correlation between authentic leadership and transactional psychological contract: $r \geq 0$

A scatter plot was done to visually depict the possible relations between authentic leadership and transactional psychological contract (Figure 5.1). This relationship looks weak and negative.

Figure 5.1. Scatter plot between authentic leadership and transactional psychological contract



The analysis resulted in a Pearson product moment correlation coefficient of -0.102, and the value is not significant, $r(81) = -0.102$, $p > 0.05$ (Table 5.11).

Table 5.11 Pearson correlation of authentic leadership and transactional psychological contract

		Leadership
Authentic leadership	Pearson Correlation	1
	Sig. (2-tailed)	
	N	81
Transactional psychological contract	Pearson Correlation	-.102
	Sig. (2-tailed)	.363
	N	81

Based on these finding, it can be concluded that the null hypothesis (H_{1a}) is accepted, that says that *there is no correlation between authentic leadership and transactional psychological contract: $r \leq 0$*

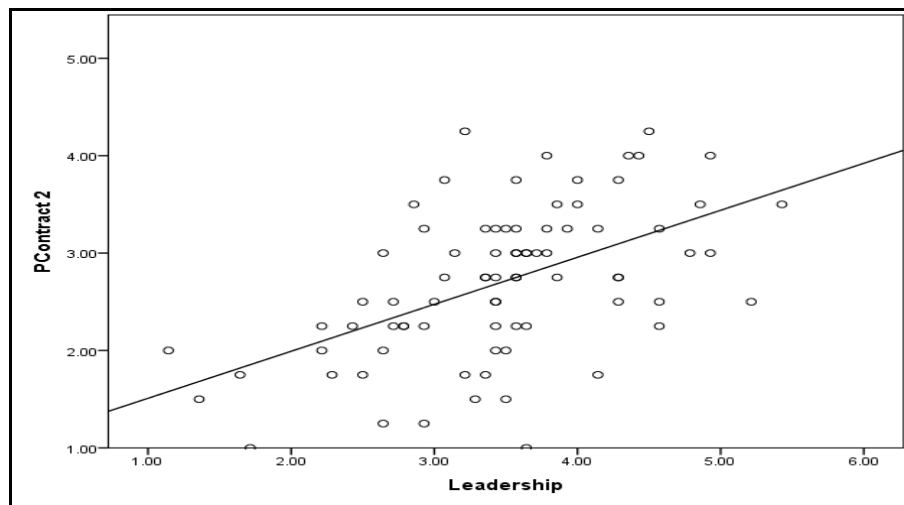
Authentic leadership and relational psychological contract

H_{04b} : There is no or negative correlation between authentic leadership and relational psychological contract: $r \leq 0$

H_{A4b} : There is positive correlation between authentic leadership and relational psychological contract: $r \geq 0$

There is evidence in the scatter plot of a relationship between authentic leadership and relational psychological contract 3 (Figure 5.2).

Figure 5.2. Scatter plot between authentic leadership and relational psychological contract



The analysis presented in Table 5.12 resulted in a Pearson Product Moment Correlation coefficient of 0.513, and the value is highly significant ($p < .01$). This relationship is strong based on the guidelines of Pallant (2010).

Table 5.12: Pearson Correlation of authentic leadership and relational psychological contract

		Leadership
Authentic leadership	Pearson Correlation	1
	Sig. (2-tailed)	
	N	81
Relational psychological contract	Pearson Correlation	.526**
	Sig. (2-tailed)	.000
	N	80

A linear regression analysis was conducted for authentic leadership, and relational psychological contract where there is significance and the results are presented in Table 5.13. The model summary shows an R-square of 0.277 and an adjusted R-square of 0.268. Specifically, the results ($R^2 = .277$; $p < .01$) suggest that such leadership will in 27.7% increase in employees' psychological contract (relational psychological contract).

Table 5.13: Linear regression model of authentic leadership and relational psychological contract

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.526 ^a	0,277	0,268	0,66296		
a. Predictors: (Constant), Leadership						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13,143	1	13,143	29,904	.000 ^b
	Residual	34,282	78	0,440		
	Total	47,425	79			
a. Dependent Variable: PContract 2						
b. Predictors: (Constant), Leadership						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,027	0,315		3,264	0,002
	Leadership	0,482	0,088	0,526	5,468	0,000
a. Dependent Variable: PContract 2						

The highly significant and large positive value of the correlation coefficient implies that authentic leadership values positively affect relational psychological contract of the employees. Therefore, the null is rejected, an alternative hypothesis is accepted (H_{1b}).

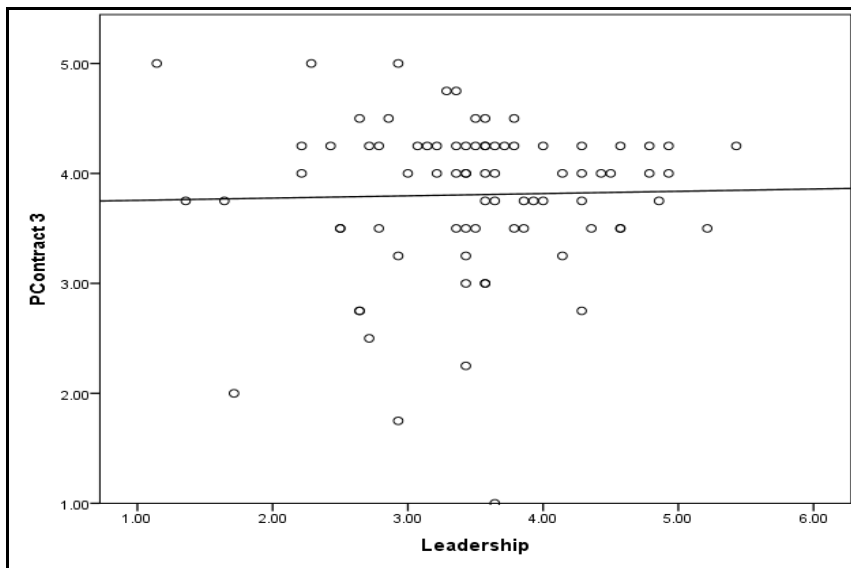
Authentic leadership and balanced psychological contract

H_{04c} : There is no or negative correlation between authentic leadership and balanced psychological: $r \leq 0$

H_{A4c} : There is positive correlation between authentic leadership and balanced psychological contract: $r \geq 0$

The scatter plot does not show a clear positive relationship between authentic leadership and balanced psychological contract (Figure 5.3).

Figure 5.3. Scatter plot between authentic leadership and balanced psychological contract



The analysis resulted in a Pearson Product Moment Correlation coefficient of -0.025, and the value is not significant with p-value = .827 (Table 5.14).

Table 5.14 Product moment correlation for authentic leadership and balanced psychological contract

		Leadership
Authentic Leadership	Pearson Correlation	1
	Sig. (2-tailed)	
	N	81
Balanced psychological contract	Pearson Correlation	.025
	Sig. (2-tailed)	.827
	N	80

It can thus be concluded that null hypothesis (H_{10c}) is accepted as there is no or negative correlation between authentic leadership and balanced psychological contract.

5.6. Moderating effect of job embeddedness

Job embeddedness was a third variable in this study. As a moderator, job embeddedness modifies the form or strength of the relationship between leadership and psychological contract (Aguinis, 1991). The moderation effect of hypotheses was tested using hierarchical regression as recommended by Cohen and Cohen (1975). The test hypothesis was as follows:

H₀₄: Job embeddedness will not moderate the positive relationship between leadership and psychological contract

H_{A4}: Job embeddedness will moderate the positive relationship between leadership and psychological contract

5.6.1. Descriptive statistics of job embeddedness

Thirteen variables were utilised to understand the job embeddedness within the local municipality employee. Table 5.15 presents the descriptive statistics results of these variables.

Table 5.15 Descriptive statistics of job embeddedness

Variable	N	Mean	Median	Std. Deviation	Skewness	Kurtosis
	Valid					
I feel like I am a good match for this organisation.	92	2.92	4.00	1.328	-0.635	-1.444
I feel that my job utilises my skills and talents well.	90	3.70	4.00	0.988	-1.005	0.907
I feel personally valued at work.	89	3.39	4.00	1.029	-0.537	-0.096
If I stay with this organisation, I will be able to achieve most of my goals.	91	3.32	3.00	1.053	-0.266	-0.569
I generally get on well with my co-workers.	92	4.11	4.00	0.703	-1.126	3.737
I feel that people at work respect me a great deal.	90	3.77	4.00	0.704	-1.021	2.448
I interact formally or informally with my co-workers regularly throughout the working day.	89	4.09	4.00	0.717	-1.079	3.333
I like the authority and responsibility I have at this organisation.	91	3.60	4.00	0.868	-0.590	0.133
I would sacrifice a lot if I left this job.	91	3.27	3.00	1.055	-0.052	-0.502
My promotional opportunities are excellent here.	90	2.74	3.00	1.012	0.004	-0.200
The perks on this job are good (e.g., medical aid and pension).	90	3.52	4.00	0.963	-0.992	0.848
I believe the prospects for continuing employment with this organisation are excellent.	91	3.40	4.00	0.868	-0.662	0.509

I am well compensated for my level of performance.	90	3.23	3.00	1.028	-0.423	-0.294
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Std error of skewness = 0.251; Std error of kurtosis = 0.498

There were, however, two main variables which the employee did not agree with, with a mean score of less than 3.0 (Figure 5.9). First, was *'My promotional opportunities are excellent here.'* The mean was 2.74 (SD=1.012). Second, the variable: *'I feel like I am a good match for this organisation.'* with a mean of 2.92 (SD=1.328). Despite this low mean, the median of the variable was 4. Upon further investigation, it was evident that there were 27 employees (29.3%) who strongly disagreed that they were a good match with the organisation.

5.6.2. Dimensions of embeddedness

The skewness ranges from -0.011 to -1.269 with a standard error of 0.251. Except for variables: *'I generally get on well with my co-workers.'*, with a very high kurtosis of 3.737 and *'I interact formally or informally with my co-workers regularly throughout the working day.'*, with a value of 3.333, and *'I feel that people at work respect me a great deal.'* With 2.448, all other kurtosis values were within ± 2 with the range of -0.165 to 1.717 with a standard error of 0.498. These three variables were excluded in the inferential statistical analysis. Based on these exclusions, results of skewness and kurtosis, the normality of the thirteen variable final variables of job embeddedness was confirmed (Kline, 2011).

As discussed in chapter 4, three dimensions were extracted with a total variance of 65.5%. The descriptive statistics of these dimensions are presented in Table 5.16. Factor one (Sacrifice) had the highest % variance of 36.8% followed by factor 2 (Fit) with the % variance of 14.9%, and their Eigenvalues were 3.7 and 1.5. All three factors were subjected to internal reliability consistency using Cronbach Alpha coefficient and were confirmed as reliable, after a deleted item in Link.

Table 5.16 Descriptive statistics of job embeddedness factors

Factors	No of items	Factor loading	% Variance	Eigen values	Mean	Std deviation	Median	Cronbach Alpha (α)
Sacrifice	3	0.581-0.856	36.758	3.676	3.154	0.810	3.333	0.776
Fit	4	0.535-0.796	14.858	1.486	3.483	0.727	3.500	0.713
Link	2	0.474-0.784	10.553	1.055	3.364	0.886	3.500	0.731

5.6.3. Hierarchical regression

A four-step regression involves the inclusion of (1) four control variables which are personal biographic aspects of the respondents, (2) Link, (3) Link and Fit, and (4) Link, Fit and Sacrifice, three interactions. The results of the analyses are illustrated in Table 5.17.

Table 5.17 Hierarchical regression analysis: Impact of Job embeddedness on leadership and psychological contract

	Standardized Beta (Model 1)	Standardized Beta (Model 2)	Standardized Beta (Model 3)	Standardized Beta (Model 4)
Leadership	0,515*	0,405*	0,370*	0,270*
Gender	0,000	0,042	0,051	0,010
Age	0,034	0,024	-0,002	0,073
Education	-0,057	-0,130	-0,095	-0,020
Marital status	0,143	0,101	0,113	0,164
Authentic Leadership * Link		0,290*	0,232*	0,148
Authentic Leadership * Link * Fit			0,218**	0,073
Authentic Leadership * Link * Fit* Sacrifice				0,377**
R ²	0,299	0,37	0,403	0,484
Adjusted R ²	0,249	0,313	0,338	0,418
R Square Change	0,03	0,074	0,04	0,079
F Change	0,556	7,825*	4,327*	9,599*

* denotes a significance ($p < .05$)

As portrayed in the first model of Table 5.15, none of the control variables (gender, age, education and marital status) was found to be positively related to the psychological contract. By adding the three model variables relating to job embeddedness into the equation, R^2 increased from 0,299 to 0,484. This R^2 change (0,185) was significant ($p < 0,05$), suggesting that the job embeddedness can explain the additional 18.5% of the variation in the psychological contract. From the second model, leadership ($\beta = 0,405$; $p < 0,01$) and Sacrifice - Cost of quitting ($\beta = 0,232$; $p < 0,05$) were found to be positively related to psychological contract. In addition, fit in model 3 also shows the significance of two embeddedness dimensions interaction ($\beta = 0,218$; $p < 0,05$) and all three embeddedness dimensions interactions ($\beta = 0,377$; $p < 0,05$). These results reject the null hypothesis and support the alternative hypothesis which indicates that job embeddedness will moderate the positive relationship between leadership and the psychological contract.

5.5. Conclusion

A total of 92 responses from the employees of the local municipality were used in this study. Construct validity and reliability were done for all three constructs in this study which were leadership, psychological contract and job embeddedness. These were used to test the two hypotheses of the study, which was about the relationship between leadership and psychological leadership, with the other being the moderating effect of job embeddedness on this relationship. Results from the hypothesis testing confirmed that there was a relationship between leadership and dimension (relational) of the psychological contract. Furthermore, dimensions of job embeddedness (link, fit, sacrifice) strengthen this relationship. These findings will be discussed in Chapter 6, with conclusions drawn after comparing with the literature in Chapter 7.

CHAPTER 6 DISCUSSION OF THE FINDINGS

6.1. Introduction

The objective of the study was to investigate the effect of leadership on employee psychological contract, and how job embeddedness influences this relationship. A conceptual model with its corresponding hypotheses was developed in chapter 3, which was based on the theory review from Chapter 2. The literature in Chapter 2 suggested that there is a relationship between authentic leadership and psychological contract, and that job embeddedness has a positive influence on the relationship between authentic leadership and the psychological contract. An appropriate design and methodology were selected, and the thinking around it and justification was discussed in chapter 4. In chapter 5, the findings of the study were presented with all three hypotheses tested, and a decision was made whether to reject or accept the null hypotheses in this particular setting, which was the City of Johannesburg (CoJ). In this chapter, the findings are discussed and compared with the theory that was synthesised in chapter 2. After this discussion, a revised theoretical framework is presented, and the chapter is summarised. In chapter 7, the theoretical summary and conclusion will be presented and, more importantly, the limitations of the study, which the reader must consider when reading the findings.

6.2. Credibility of the study

It is good practice to review and pronounce on the credibility of the study. In the quantitative research method, reliability and validity normally advance whether the study was credible or not. This is reviewed at design, data collection and data analyses levels. In this study, validity at a design level was ensured by having an adequate literature review which was presented in chapter 2, and this has led to the development of a conceptual framework which is depicted in chapter 3. Considering this, a deductive reasoning was employed as an approach to the study where the hypotheses were tested, resulting in them being accepted or rejected in the setting. The research questionnaire for the survey was developed from existing questionnaires. For leadership, the questionnaire by Avolio et al. (2008) was employed. For the psychological contract, the questionnaire by Millward and Hopkins (1998) adopted from Rousseau (1990), with moderating effect by job embeddedness from Mitchell et al. (2001) was employed. The use of pre-existing instruments, which have been validated, improves the success of the research and this was adequate for the study. To ensure

content validity during the design and data collection phase, a pilot study was conducted which was done to ensure that the questions were understandable and easy to complete by the participants without any ambiguities.

For data analyses, effective data preparation was done which included evaluation of the data for missing data. Our data ensured that the missing data was less than 5% as proposed by Schafer (1999). Furthermore, the data were evaluated for extreme outliers, and those were removed using three times inter-range quantile (3x IRQ) with the ones with 1.5x IRQ retained. Also, the normality of the data was evaluated and was found to be normal, and as such, parametric tests, which were t-test, ANOVA, Pearson correlation and Linear regression, were employed for hypotheses testing. Even though the instruments utilised were existing instruments, constructs validity were conducted. Due to the sample size, only exploratory factor analysis could be done where the items that were subjected were adequate for the guideline of 5:1 proposed by Comrey and Lee (1992). Confirmatory factor analysis, which can be done by structural equation modelling (SEM) using covariance or partial least square, could not be done as it requires 200 and 100 samples, respectively without missing data (Kline, 2011; Hair, Black, Babin, Anderson, & Tatham, 2010). Despite this, there were no threats to validity for the study as all constructs were subjected to reliability analysis to ensure internal consistency.

To this end, this study is regarded as credible, as validity and reliability were ensured in design, data collection and data analysis phases of the study.

6.3. Hypothesis 1 – Authentic Leadership

H₀₁: There was no clear view on the level of authentic leadership at CoJ: ($\mu = m_0$)

H_{A1}: There was low or high level of authentic leadership at CoJ ($\mu \neq m_0$)

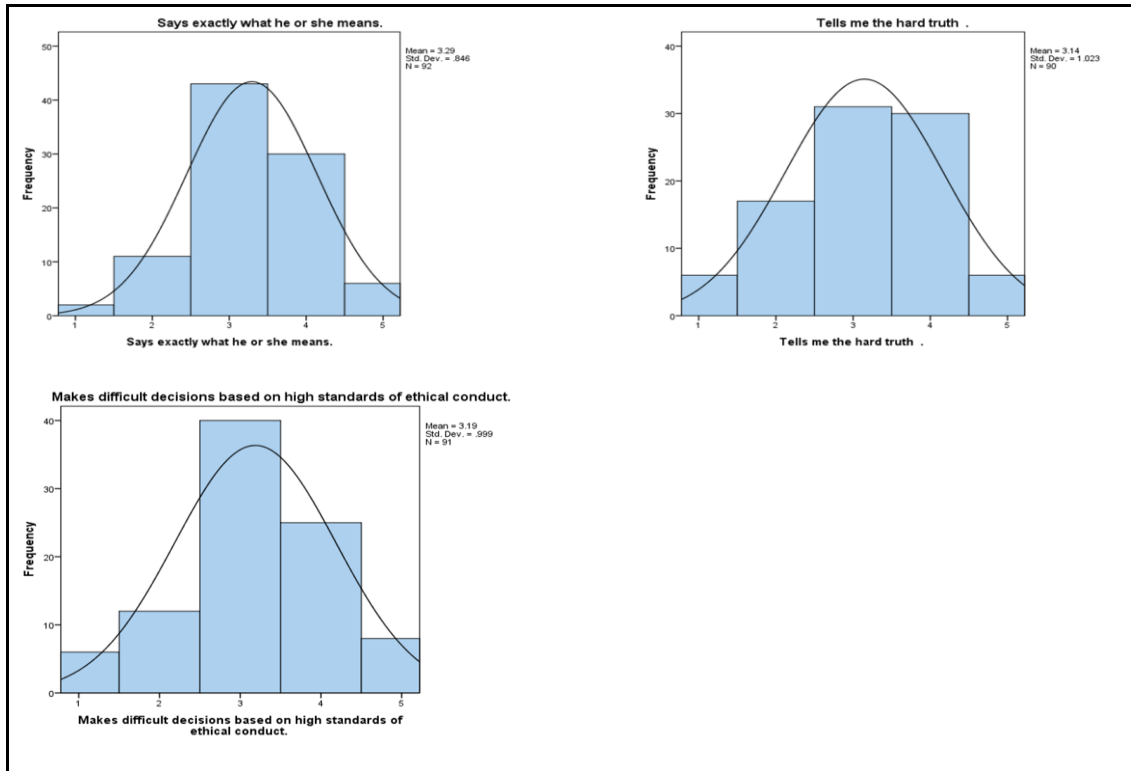
In hypothesis 1, the main aim was to understand the level of authentic leadership at CoJ. Authentic leadership was the independent variable in this study, and thus its focus was to understand its predictor behaviour of employee psychological contract. Porath (2015) pointed out that “leadership behaviour is the most important attribute to employees or followers”. It is critical at the onset that there is clarity of the

appropriateness of authentic leadership measurement as the ideal style for political leadership based on the context of this study. Yukl (1989) admitted a few decades ago that there was a lot of confusion and ambiguity surrounding leadership theories and concepts. This situation remained the same about ten years ago, where Hay and Hodgkinson (2006), after reviewing scholars' concepts and understanding of leadership, came to the same conclusion as Yukl (1989) that there was still a lot of ambiguity surrounding leadership and its concepts. Despite this, there is a linkage between political and authentic leadership. Helms (2012) clarified that the political leadership is explained based on three fundamental criteria: authenticity, effectiveness and responsibility. This is because these leaders are expected to uphold and show authentic and ethical behaviour which employees can imitate and trust (p. 261). In this regard, authentic leadership was the appropriate measure of the political leadership.

As already mentioned in this study, the authentic leadership was investigated using Avolio et al. (2008). This instrument had sixteen items which were reduced to four dimensions which were: self-awareness; relational transparency; balance processing and internalised moral/ethical perspective. After factor analysis, the four dimensions could not be extracted; two were extracted of which the only one was reliable. It was however noteworthy that this main dimension was highly loaded with fourteen of the total sixteen items, and as such, it was named "authentic leadership". Focusing on the descriptive statistics results of this study within these sixteen items, the items that the participants mostly agreed with were within balance processing and internalised moral/ethical perspective.

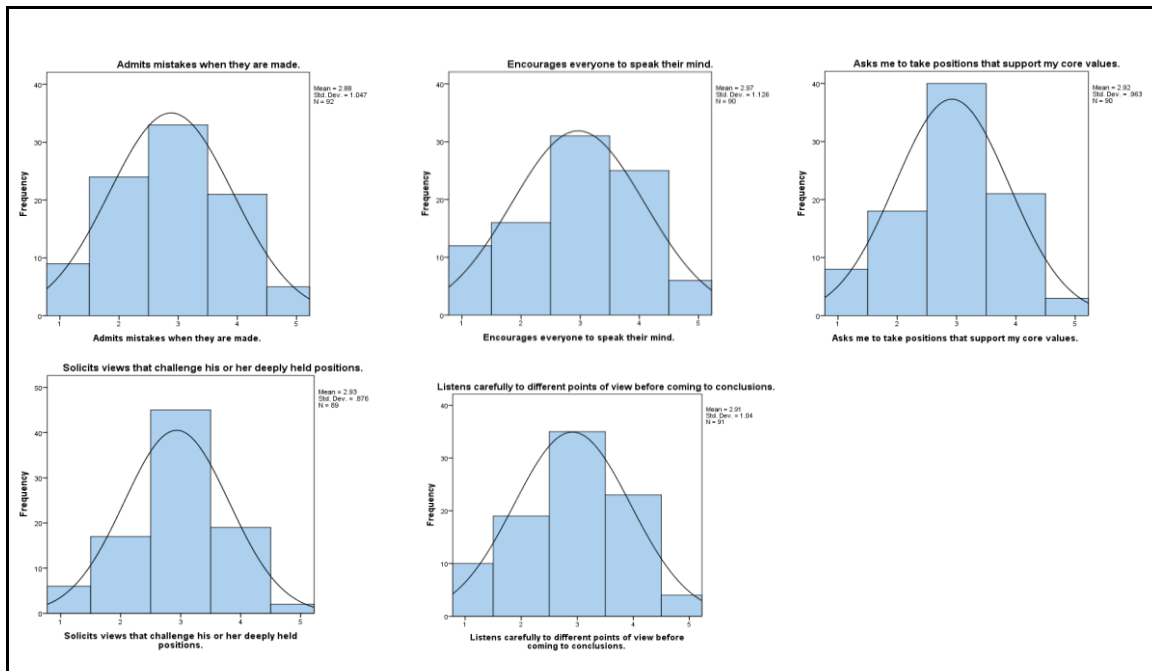
Despite this being the most agreed with, this score still had a mean of three with a mean value range of 3.19-3.29. Further, analysis of the histogram with normal distribution for the statement that the respondents most agreed with (Figure 6.1), it was evident that these employees were neutral, meaning that they were neither disagreeing nor agreeing. In fact, the neutral views were followed by the "agree" views, though on the variable "Tell me the hard truths", there was a sizable number of participants that disagreed with this view (Figure 6.1).

Figure 6.1. Histogram with normal distribution of the high variables of leadership



On the lower end, the relational transparency was cause for concern with mean scores of less than 3 (Figure 6.2).

Figure 6.2. Histogram with normal distribution of the low variables of leadership



The most evident was the question: “Admits mistakes when they are made”. This showed that most of the participants were neutral, followed by those disagreeing with the statements. The overall mean for authentic leadership was 3.05 (SD=0.746).

The findings from the one sample t-test indicate that there were neutral levels of authentic leadership at CoJ, based on the test score of more than 3.0 showing a high level of authentic leaders. The mean value of 3.05 was 0.452 and did not show a high or low statistical difference in authentic leadership in the organisation.

The uncertainty is not surprising. With the aftermath of 3rd August 2017 local government elections when a new political party became a governing party for CoJ, this resulted in automatic organisational change. The new ideology and operation of the new administration are mostly different to that of the predecessor’s governing party upon which the organisational culture was built. Robins and Judge (2012) said that large organisations such as municipalities would have core values shared by the majority of employees (a culture which Gunaraja et al. (2013) defined as “a set of behavioural, emotional, and psychological frameworks that members adopt” (p. 400)).

Change brings uncertainties, with leadership being at the forefront of bringing stability and employee commitment. Michela and Burke (2000) suggested that leaders face a daunting task during organisational change due to the complexity of organisational culture and differences. According to Fishman and Kavanaugh (1989), the leader’s behaviour will shape the culture of the organisation and how people respond to him/her and change. Schein (1992) indicated that leaders are the key source of influence on organisational culture and change, with transformational leadership being the suggested style to be employed for change (Van der Voet, 2014; Bass, 1985; 1999).

In today’s world, society demands ethical and moral leaders because of the responsibility that they have towards safeguarding the public purse, which is meant to develop the society. This is more important in the developmental state where a huge segment of the society is highly reliant on government providing free service using the most cost-effective measures. For these to be achieved, political leadership is required, and this leadership is highly congruent with charismatic (transformational) and authentic leadership when it comes to leadership styles or behaviour. As the focus of the study was to employees who are driving the service delivery, authentic leadership was the most relevant.

6.4. Hypothesis 2 – Psychological Contract

H₀₂: There was no clear view on the level of psychological contract at CoJ: ($\mu = m_0$)

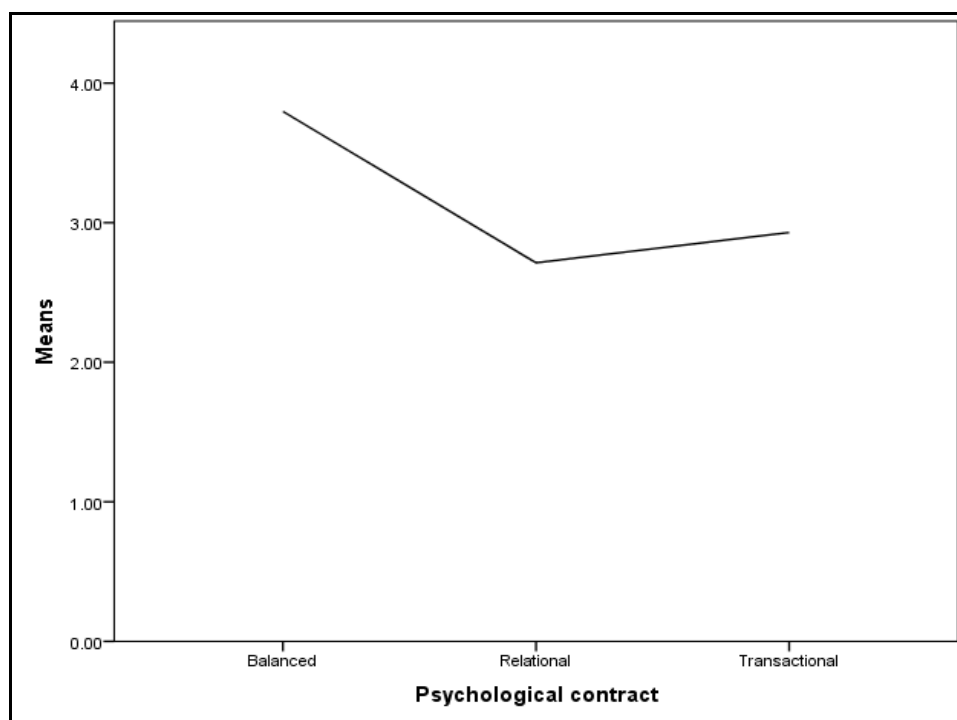
H_{A2}: There was low or high level of psychological contract at CoJ ($\mu \neq m_0$)

Employees perceive psychological contract as an obligation to be fulfilled by the employer in the form of rewards. Violet (2005), pointed out that these fulfilments are likely to be influenced by social factors within or outside the organisation and individual personality Coyle-Shapiro (2002). Rousseau (1989; 1995) explained that it is the perception of an exchange agreement between oneself and another party. The psychological contract has become a framework for understanding the employment relationship. It was against this backdrop that psychological contract was investigated as a dependent variable of interest. Rousseau (1995) explained that when employees join an organisation, they are made to sign a legitimacy contract which explains the transactional relationship and benefits between the employer and employees. In the study, 14 questions investigated psychological contract. The psychological contract instrument by Millward and Hopkins (1998), adapted from Rousseau (1990), had four original dimensions, which were relational, transactional, transitional and balanced psychological contract. Exploratory factor analysis yielded three factors which were reliable as opposed to those found by Millward and Hopkins (1998) and Rousseau (1990). The three factors were related to transactional, relational and balance, with the transitional submerged into the other three dimensions. The three factors which were found were not surprising as much literature, such as that of Rousseau (1990; 1995; 2000) and Maguire (2002) explained the interaction between the four dimensions where transitional contract was as a result of the breach or violation of the other three dimensions (see depiction of figure 2.1 in chapter 2).

The mean values show that the highest employees with the value of mean=4.02 (SD=0.961) with a median of 4.00 for the statement: 'I do my job just for the money.', Followed by the statement: 'My job means more to me than just a means of paying my bills', with mean=3.90 (SD=0.938) and 'I expect to develop my skills for growth in this company.', with a mean of 3.82 (SD=0.990). The agreement with these statements underpins the importance of the respondents' jobs to them while cognisant of money driving them in doing their job. These questions were mainly in the balanced dimension of the psychological contract. On the low size, the main aspects were relational with the

statements: 'The organisation provides employees with an opportunity to participate in decision making.' (mean=2.59, SD=1.000), 'The organisation develops/rewards employees who work hard and exert themselves' (mean=2.65, SD=1.158) and transactional: 'I only do what is necessary to get the job done.', (mean=2.71, SD=1.118, median=2). The typology developed by Shore and Barksdale (1998) argued that psychological contract is balanced if perceived obligations of the employee and the employer are at the same level. Relational dimension of psychological contract is associated with long-term employment while the transaction is associated with short-term employment contract (Rousseau, 2000).

Figure 6.3. Means for the psychological contract statistical significant dimensions



They further say that relational psychological contract yields the best results regarding the employees' effective involvement, their intention to stay or leave, their perception of their future with their organisation, and the perceived support that they receive from the organisation (Janssens et al., 2003). The challenges related to relational aspects are evident in both the leadership and the psychological contract. The psychological contract needs to be constantly managed to ensure a balanced high and low mutual obligation. If not managed and employees perceive that there is violation or breach of psychological contract, this will then change the balanced psychological contract dimension (relational and transactional) into a transition psychological contract, which consequently leads to poor organisational citizenship behaviour (Robinson et al., 1994;

Rousseau, 1990; Tyagi & Agrawal, 2010). It can be said from the statements that relational and transactional were the leading ones which participants disagreed with. This means that there is a low balanced mutual obligation within CoJ, according to Shore and Barksdale (1998), and low mutual obligations may result in poor performance and job satisfaction. A balanced low mutual obligation is labelled as a transitional psychological contract. The fourth dimension develops as a result of perceived low mutual obligations or unbalanced mutual obligations. This is a red flag and something which the new administration needs to manage to prevent poor service delivery and turnover.

6.5. Hypothesis 3 – Relationship between authentic leadership and psychological contract

H₀₃: There is no or negative correlation between authentic leadership and psychological contract: $r \leq 0$

H_{A3}: There is positive correlation between authentic leadership and psychological contract: $r \geq 0$

Despite all the effort, events in the organisation can lead to employees leaving the organisation. Understanding the effect of leadership on psychological contract can assist management to be proactive in ensuring that their employees are retained. Psychological contract plays an important role in making organisation understand the employment relationship; it is dynamic, and changes as a change in relationships and needs arise. The findings in the study revealed that there was significant and large positive value of the correlation coefficient, implying that authentic leadership values positively affect relational psychological contract of the employees. These findings were congruent with those of Walumbwa et al. (2008) who found that authentic leadership behaviour is a significant predictor of job satisfaction and organisational commitment and greater trust in leadership (as cited by Erkutlu & Chafra, 2013, p. 831). It is also said to promote a positive relationship between employers (leaders) and employees, which may result in a balanced and high mutual obligations psychological contract with the higher employment relationship, engagement and job satisfaction (Giallonardo et al., 2010).

Unlike the relational psychological contract, the findings did not find a relationship between authentic leadership and transactional psychological contract. When employees join an organisation, they are made to sign a legitimacy contract which explains the transactional relationship and benefits between the employer and employees. Considering the literature, which explains that transactional relationship is extrinsically focused, it is not surprising that there was no relationship with authentic leadership. Rousseau (2000) explained that characteristics of the transactional contract are of a short-term employment relationship, unambiguously specified mutual obligation, more tangible, and based on economic and extrinsic focus. This is in contrast with a relational contract which was found to have a strong relationship as it is a long-term relationship with no unambiguously specified mutual obligations. It includes loyalty, trust and mutual stability and organisational citizenship behaviour (employees are more willing to work, help co-workers and support organisational changes) (Salazar-fierro & Bayardo, 2015).

Like a transactional psychological contract, there was no relationship between authentic leadership and balanced psychological contract. The balanced obligation is a combination of relational and transactional psychological contract (De Jong et al., 2009; Shore & Barksdale, 1998). The balanced contract will, however, take on the character of the dimension which is more dominant (relational or transactional). If it is relational, the balanced psychological contract will be higher on the high mutual obligations and be either significant or not significant with variables with which relational will be tested. Also, if it is transactional, the balanced psychological contract will be of low mutual obligations and be either significant or not significant with the variables with which transactional will be tested (Van De Ven, 2011).

In our results (refer to Table 5.8 and Figure 6.3), it was found that transactional contract means higher than that of relational, and is not statistically significant with authentic leadership. Also, the transactional contract level was also found to be not statistically significant at CoJ. Even though balanced psychological contract means was found to be higher than the other two psychological contract dimensions (relational and transactional) and also statistically significant, it was found to be not statistically significant with authentic leadership. This can be tied back to transactional being more dominant than relational in the balanced psychological contract

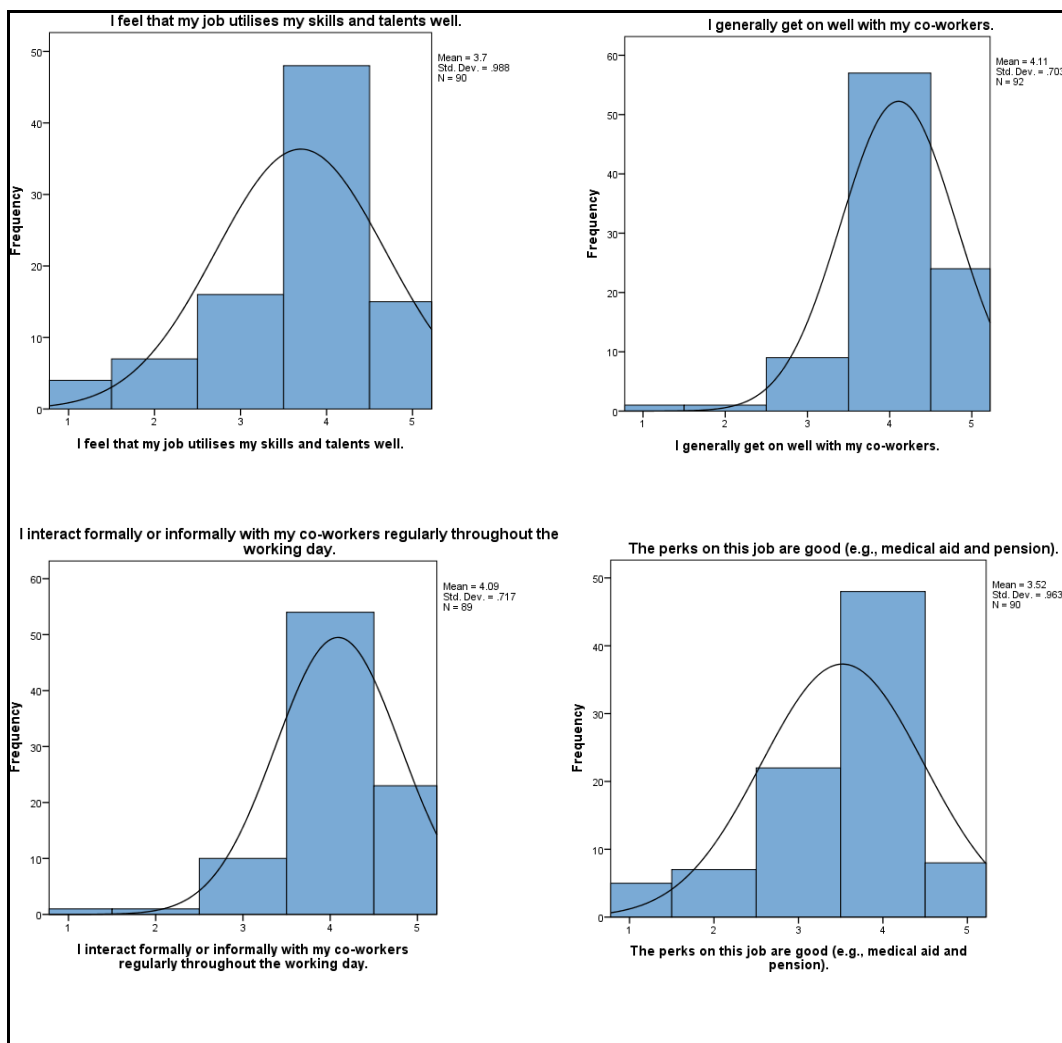
6.6. Hypothesis 4 – Moderating effect of job embeddedness

H₀₄: Job embeddedness will not moderate the positive relationship between leadership and psychological contract

H_{A4}: Job embeddedness will moderate the positive relationship between leadership and psychological contract

Mitchell et al. (2001) developed the construct of job embeddedness, which is positioned in the new understanding of what gives rise to turnover process (as cited in Pillay et al., 2014, p. 32). Job embeddedness (JE) theory focuses on factors that encourage an employee to remain with an organisation (Zhang et al., 2012, p. 220).

Figure 6.4. Histogram with normal distribution of the high variables of job embeddedness



The findings of the study showed that there were high levels of job embeddedness with overall median values of these variables being four, which indicate the “Agree” zone. There were four main statements that the employees agreed with. The highest mean range of 3.52 - 4.11 indicated that, in their employment, the employees believed that their interaction with co-workers, their skills utilisation and their remuneration was good.

The findings in this study revealed that job embeddedness strengthens the relationship between the leadership and psychological contract (R^2 change = 0,185). Job embeddedness can either be work-related (such as relationships with co-workers or incentives) or non-work related (such as residing closer to work, or family working in the same area, or accessible transport).

In this study, there were three dimensions of job embeddedness, which were fit, sacrifice and link. The hierarchical regression shows that overall the dimension enhanced the relationship. Section 2.7 in chapter 2 discussed that job embeddedness covers the collection of employee relations with each other and with the organisation and is said to be determined through meeting the needs and well-being of individuals (Mitchell et al., 2001). Those needs of employees are either a legal contract or not so legal contract which Rousseau (1989; 1990; 1995; 2000) and other scholars defined as a psychological contract. It was further discussed that those employees who are embedded are either informal or formal, and job embeddedness improves relational contract or mutually high balanced contract by reducing the intention to leave by employees (Mitchell et al., 2001; Takawira et al., 2014; Rousseau, 2000).

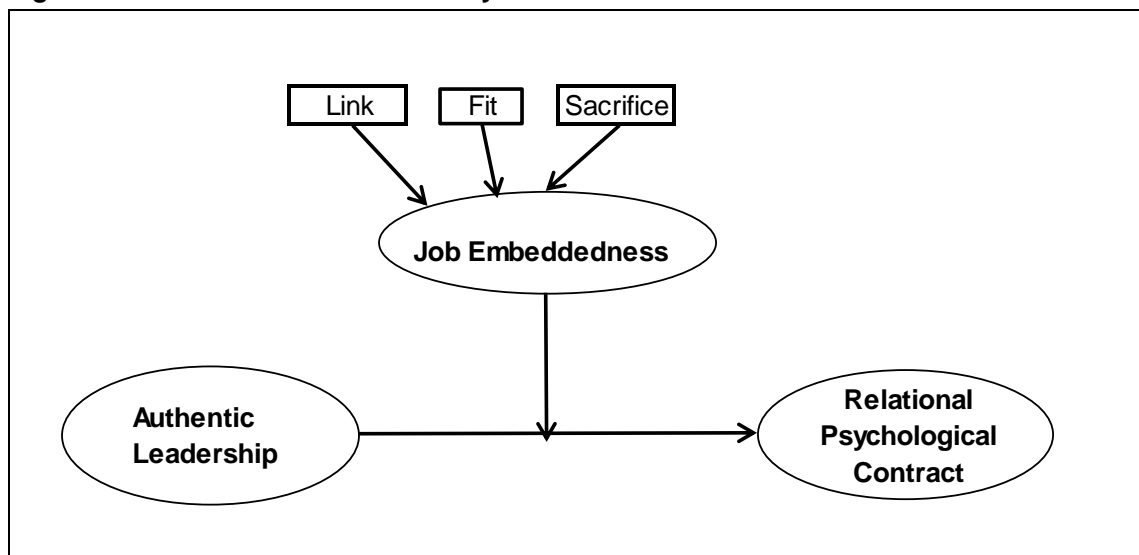
Job embeddedness also was found to positively influence not only psychological contract but the relationship between leaders and followers. It was found from our study that authentic leadership is statistically significant with relational psychological contract, which our literature in Chapter 2 supports through the leader-member exchange relationship. It says that leader-member exchange (authentic leadership) engages with their followers while sharing and communicating information, and perceptions and feelings about their colleagues – while encouraging transparency and the moral process by being a role model (Chafra & Erkutlu, 2016; Sekiguchi et al., 2008). In their study, Sekiguchi et al. (2008) found that job embeddedness positively influences the relationship between leader-exchange members (authentic leader). Our study also found that job embeddedness positively influences the relationship between authentic leadership and psychological contract (refer to section 5.6.3 and Table 5.15 in chapter 5).

6.7. Revised model and chapter summary

Public sector organisations rely on competent and dedicated employees for service delivery. The organisation must strive to improve and retain these employees to be effective and efficient. Despite all efforts, events within the organisation may either lead to organisational citizenship behaviour (OCB) or voluntary turnover depending on how employees interpret the events. The psychological contract for job security is no longer possible; organisations need to find new ways of retaining and inspiring commitment among employees.

Based on the findings, the revised model can be presented as follows (Figure 6.5). The factor analysis of the authentic leadership yielded two factors, of which only one was reliable, and hence authentic leadership had one factor named “authentic leadership”, and not the four from the initial conceptual model from Chapter 3. The model shows that there is a relationship between authentic leadership and relation psychological contract. Also, there was no significant relationship found for transactional and balanced psychological contract. Hence it was excluded from the revised model. Finally, job embeddedness dimensions (fit, sacrifice and link) had a positive influence on the relationship between authentic leadership and relations psychological contract.

Figure 6.5. Revised model of the study



In this chapter, the findings from chapter 5 were discussed in detail. Before the discussion could take place, the credibility of the study was validated to confirm the trustworthiness of the findings. Also, these findings were compared with the related literature so

that they could be conceptualised into a bigger picture. These ensure that the theoretical finding can be presented in chapter 7. The overall summary of this discussion is reflected in the revised conceptual model.

CHAPTER 7: CONCLUSION

7.1. Introduction

The study was conducted in City of Johannesburg (CoJ), Gauteng, South Africa. This study was underpinned by a desire to understand the underlying effects of change in leadership on the psychological contract, given that South Africa is a constitutional democracy that holds elections every five years. Since the dawn of democracy, one dominant party always ran CoJ; this happened until the local government elections of 3rd August 2016, when the citizens voted in a different political party. This political change meant that there was a possibility of influence within the administration of the CoJ. The basis of political meddling was based on several studies that were done within the South African context (De Visser, 2010, p. 94). The study was to examine the relationship between authentic leadership and psychological contract, and further, examine the influence job embeddedness has on the relationship. The revised model, Figure 6.5, summarised the findings of the study.

In chapter 6, the findings of the study which were presented in chapter 5, were discussed and compared with the existing literature. It was important to accept or reject the hypotheses developed in the context of CoJ as this was a study that was based on deductive reasoning. In this chapter, the study is summarised. The principal findings are provided, conclusions are drawn and the limitations which form the context in which these findings are valid, are discussed. At the end of this chapter, two types of recommendations are made. The first one, which has implications for CoJ management, are given to assist management to close the gaps and continuously improve, thereby ensuring that employees in whom they have invested can be retained for the future. The second part of the recommendation is for academia. This is critical as it is not possible to cover everything in the study. The emerging insights may point to some interesting and important related lines of research, which need to be recommended to the academics.

7.2. Overview of the principal findings (theoretical)

In chapter 6, a discussion was advanced on all the work that was done at a design data collection and data analysis phases of the study that ensured the credibility of the

findings. In that section (section 6.2), the findings were validated. Overall, there were six principal findings in the study:

- **Setting-based number of authentic leadership dimensions.** Firstly, an existing instrument of authentic leadership was utilised in the study. This instrument was developed by Avolio et al. (2008) and comprised of four dimensions which were self-awareness, relational transparency, balanced processing and internalised moral perspective. Within the context of CoJ, the principal component analysis for factor reduction yielded two of the four possible factors, of which only one was reliable. This collapse of the four dimensions into two, of which one was reliable, indicated that the instrument is driven by different research settings and different outcomes are possible. This was the case without withstanding the small sample that was obtained in the study, with this limitation discussed in a later stage of this chapter.
- **Indifferent views on the level of authentic leadership.** Secondly, based on the hypothesised test value of three, the level of authentic leadership in CoJ was found not to be statistically different. This meant that the employees of CoJ overall were neutral about whether there was an authentic leadership or not in the organisation. It can be deduced that the employees perceived the new leaders as not being true to themselves, considering their actions and impact on the organisation and employees. These are not leading with purpose, values and integrity; not fostering authentic relationships with employees through disclosure, accountability and open sharing of information. Employees may perceive the new leaders' behaviour as pseudo-transformational leadership (deceptive and manipulative) (Kanungo & Mendonca, 1996). Further analyses showed that there was low relational transparency dimension (a core component of authentic leadership), which Walumbwa et al. (2010) and Avolio et al. (2008) deemed as the main driver of authentic leadership in the organisation. Despite this, there was compensation by balanced processing of internalised moral perspective.
- **Translation psychological contract is not evident.** Thirdly, three of the four factors of the psychological contract were extracted in the study. The dimension that was collapsed into the others was a transitional psychological contract, which comes as a result of the violation or breach of the transactional and relational psychological contract (balanced psychological contract), or change of contract mostly during crisis or change management (Manxhari, 2015). Of

the three dimensions that remained, which were relational, transactional and balanced psychological contract, balanced was found to have a higher mean which was an indication that CoJ employees agreed that there was a balanced contract. Transactional was found to have the second higher mean with relational having the lower mean. Balanced contract is a combination of relation and transactional contract. Hence it was found to be high.

- **A significant relationship between authentic leadership and relational psychological contract.** Fourthly, the findings show the importance of leadership in their quest to ensure the retention of the employees in the organisation. If management shows authentic leadership, it creates an environment in which the employees will have a relational psychological contract. Authentic leadership behaviour is said to be a significant predictor and to have a positive influence on job satisfaction, organisational commitment, organisational citizenship behaviour and greater trust in leadership. Psychological contract outcomes are said to be job commitment, satisfaction, performance and organisational citizenship behaviour, which is what authentic leadership predicts through a good and moral relationship with followers or employees (Avolio et al., 2010).
- **Job embeddedness influences the relationship between authentic leadership and relational psychological contract.** Lastly, the structure of job embeddedness within CoJ is strengthening the relationship between authentic leadership and relational psychological contract.

7.3. Conclusions

In conclusion, the study has revealed that the authentic leadership at CoJ was not at a level that would promote good political leadership. There was a gap in the organisation that is of concern and needed attention, especially since authentic leadership was found to be a good predictor of employee psychological contract – most notably the most critical one being a relational psychological contract. To the credit of CoJ, the existing elements of job embeddedness were strengthening the relationship between authentic leadership and relational psychological contract.

7.4. Limitations of study

As the study was done in an organisation, it was dependent on getting second permission from individual entities of CoJ. Despite the challenges, the author still managed to obtain three of the five targeted entities. The IT settings at CoJ limited participants' access to the questionnaire platform, which discouraged them. Some participants managed to make contact and requested the survey to be sent to their private email addresses. Overall, limitations were constituted by the IT settings, and reduced response rate.

7.5. Recommendation

Two types of recommendations are made in the study. These include the recommendations for management of CoJ and recommendations for future studies.

7.5.1. Implication for CoJ

Key recommendations include the need for CoJ to clarify the leadership behaviour of both administration and executives so that they are clear about what is expected of them, and how to behave to ensure harmonious and continuous relationships with employees. CoJ leaders need to improve their self-awareness to be able to improve follower relationships and gain trust from them. A *Johari Window* (Luft & Ingham, 1955) is one of the tools recommended for CoJ leaders to use continuously, as it emphasises skills such as behaviour, empathy, cooperation, open communication, intergroup development and interpersonal development. These skills may improve self-awareness and relational transparency of leaders, which will enable them to demonstrate authentic behaviour, and be a moral and ethical role model to followers (employees). CoJ can also use the authentic leadership questionnaire by Avolio et al. (2008) as it also helps with leaders' self-assessment about employees. The study should be done two or three years from now to determine if there has been a change in the perception by employees given that the administration is still new (only a year since takeover). The variables studied are on a relational or follower relationship, and it sometimes takes longer to build such relationship. This will help political parties to develop leadership skills by moving from charismatic to effective and authentic leadership which is what the voters and employees can relate to.

Employees make the organisation as they are the source of competitiveness. CoJ management needs to re-invest in its employees to ensure that it retains them. One of the models recommended, among many others, is the human resource competency model (Ulrich, Brockbank, Ulrich, & Kryscynski, 2015; Ulrich, Kryscynski, Ulrich, Brockbank, & Slade, 2016). CoJ should strengthen its human resources as this is the area which needs to manage and maintain employees and psychological contract – by recognising the importance of talent, leadership and organisational practices which are not easy for competitors to copy. This competency model is focused more on behaviour than results, while others are more generic. Competency models are primarily owned by human resources rather than line managers. With Ulrich et al. (2015), the models provide ownership not only to HR (human resources) but also to line managers, who then assist in ensuring that the right talent is retained and relational contract or balanced contract is maintained. CoJ management may refer to Guest's (1998) study to better understand the context within which psychological contracts develop and interact, and what happens if this contract is not managed, and the consequences of turnover (Conway, Briner, & Rousseau, 2000; Shore & Barksdale, 1998). The behaviour of organisational leaders impacts on employee job attitudes, behaviour, commitment, satisfaction and organisational performance (Walumbwa et al., 2008; Walumbwa et al., 2010).

7.5.2. Recommendations for academic and future studies.

Considering the findings and the scope of the study, there are several areas related to this study that is recommended for other academics for future studies, as follows:

Validate the authentic leadership instrument. The authentic leadership was investigated using Avolio et al. (2008). This instrument had sixteen items which were reduced to four dimensions, which were self-awareness; relational transparency; balance processing; internalised moral/ethical perspective. After factor analysis, the four dimensions could not be extracted; two were extracted of which the only one was reliable. It would be interesting to validate this instrument with the South African construct to understand which drivers might change, or the circumstances that might change or consolidate the existing dimensions by Avolio et al. (2008).

Equivalent qualitative studies. Although the quantitative interviews provide the necessary ability to test hypothesis and statistical significance of the relationship at

95% confidence intervals or other selected intervals, the fact that the study is grounded in positivist philosophy means that there is no interaction between the researcher and the participant. It would be valuable to conduct an equivalent study using qualitative methods, to understand these relationships using interpretivism philosophy. This in-depth insight would provide an extra dimension to the body of knowledge as it will bring out the behaviour and the feelings of the people during the interview. This would allow the research to investigate the phenomena and even include memos about the research and the participants.

Comparative studies. It is recommended that a comparative study is conducted across South African metropolitans comparing the three scenarios. This could ascertain the influence and magnitude of change on authentic leadership; psychological contract for same political leadership; different political leadership with same policy (same party), and different political leadership with different policy (different party). This will provide a more comprehensive view about this topic and the influence of change on the local municipality.

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Appendices

Appendix A: Consistency Matrix

Title: The Effects of change in Political Leadership on the Psychological Contract in the Metropolitan Municipality.

PROPOSITIONS/ QUESTIONS/ HYPOTHESES	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
Research question 1: What is the level of political leadership using authentic leadership-based assessment?	Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008 Gardner, Avolio, Luthans, May, & Walumbwa, 2005	Section 4 in questionnaire	One-sample t-test to understand if there were significant difference between the test value "3" and the actual sample mean "3". T-test and ANOVA to understand the different demographic groups as an independent
Research question 2: What is the level of psychological contract at CoJ?	Rousseau, 1989; 1990; 2000 Shore & Barksdale, 1998	Section 3 in questionnaire	One-sample t-test to understand if there were significant difference between the test value "3" and the actual sample mean "3".
Research question 3: What is the relationship of authentic leadership on psychological contracts?	Avolio, Gardner, Walumbwa, Luthans, & May, 2004; Erkutlu & Chafra, 2013; Maguire, 2002; van de Ven, 2011;	Section 3 and 4 in questionnaire	Pearson product correlation to test the correlation between leadership and the three dimensions of psychological contract. A linear regression analysis to understand authentic leadership and relational psychological contract relationship.
Research question 4: What is the moderating role of job embeddedness on the between leadership and employee psychological contract?	Mitchell, Holtom, Lee, Sablynski, & Erez, 2001	Section 1 and 2 in questionnaire	Hierarchical regression analysis: Impact of Job embeddedness on leadership and psychological contract

Appendix B: Ethical Clearance

**Gordon
Institute
of Business
Science**
University
of Pretoria

08 August 2017

Rindzani Nkanyani

Dear Rindzani,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee


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Appendix C: Copyright Declaration Form

19.1 COPYRIGHT DECLARATION FORM			
Student details			
Surname:	Mkanyani	Initials:	R
Student number:	12031187		
Email:	12031187@mygibs.co.za		
Cell :	083 9639633	Landline:	011 490 7914
Course details			
Degree:	MBA	Year completed:	2017
Department:	GIBS		
Supervisor:	Prof Albert Nocke		
Supervisor email:	wnocke@gibs.co.za		
Confidentiality / Embargo			
Do you need to have your report embargoed? If so, attach a motivation letter. Without a letter this will not be granted.			
Yes		No	X
If yes, please indicate period requested			
Two years		**Permanent	
**If permanent, please attach a copy of the letter of permission from the Vice-Principal: Research and Postgraduate Studies. Without a letter this will not be granted.			
Access			
A copy of your research report will be uploaded to UPSpace			
Can the Information Centre add your email address to the UPSpace web site?			
Yes	X	No	
If no, please motivate (ignore if report is to be embargoed)			
Copyright declaration			
I hereby certify that, where appropriate, I have obtained and attached hereto a written permission statement from the owner(s) of each third-party copyrighted matter to be included in my research report ("the work"), allowing distribution as specified below. I certify that the version of the work I submitted is the same as that, which was approved by my examiners and that all the changes to the document, as requested by the examiners, have been included.			
I understand that all rights with regard to intellectual property in the work vest in the University who has the right to reproduce, distribute and/or publish the work in any manner it may deem fit.			
I agree that, a hardcopy of the abovementioned work be placed in the Gordon Institute of Business Science Information Centre and worldwide electronic access be given to the softcopy on UPSpace.			
Signature:			Date: 06/11/17

Appendix D: Certification of Data Analysis Support

21. APPENDIX 5 Certification of Data Analysis Support

(Additional assistance retained or not - to be completed by students who used Quantitative or Mixed methodology)

Please note that failure to comply and report on this honestly will result in disciplinary action

I hereby certify that (please indicate which statement applies):

- I did not receive any additional statistical assistance (i.e. did not retain the services of a statistician) to run the data analysis for my research report:

I retained the services of a statistician in running the data analysis for my research report:

If a statistician was retained – please supply contact name and details of said statistician:

NAME: Andile mtotywa

EMAIL ADDRESS: andile@alchemyhub.co.za

CONTACT NUMBER: 078 873 1453

I hereby declare that all statistical interpretations/ analysis and write-up of the results for my study was completed by myself without outside assistance

Name of student: Nkanyani Rindzani

Signature: 

Student number: 12031187

Student email address: 12031187@mygibs.co.za