

Exploring the link between the experience of labour relations and transformational leadership

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## **Remarks**

The reader is reminded of the following:

This dissertation has been developed in the format of two articles, where Chapter 2 is the first article and Chapter 3 the second. The American Psychology Association (APA) reference style has been used in the structure of the dissertation, as well as the reference and quoting of sources.

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## SUMMARY

**Topic:** Exploring the link between the experience of labour relations and transformational leadership

**Key terms:** Transformational leadership, sound labour relations, conflict, constructs influencing labour relations

The manner in which management responds to complaints or concerns from employees can influence the balance in terms of the labour relationship between workers and management and often leads to severe conflict. With the emphasis placed on transformational leadership in today's changing organisational milieu, one can certainly place the study focus on the possible correlation between employee complaints benchmarked against the lack or absence of intrinsic manifestations of a transformational leader.

Transformational leadership is a process in which the leaders take actions through a process of inspiration, motivation, stimulation and consideration to try to enhance the importance of the employee, to make him or her feel valued and appreciated. This assists the employee to achieve higher personal goals that can support the common goals of the organisation.

This study focused on a team of consultants in a foreign socialist country that were responsible for a sound business transformation process of a government institute to that of a private institute. The team was responsible for the holistic transformation of the institute which entailed every business component operationally being managed by the consultants.

The aim of the study was to establish how the respondents – 'expats.' (expatriots) – perceived or experienced labour relations with a focus on an inter-relationship between the application of various transformational leadership qualities. The study examined how the respondents – expats. – experienced labour relations in which the experienced constructs were compared with accepted transformational leadership qualities. Ultimately the objective was to determine whether or not interdependence existed between labour relations as experienced and the application of transformational leadership.

As part of the measuring instrument – semi-structured interviews - a specific interview guide was drawn up which attempted, more specifically, to assess the current labour relations climate, the position and role of senior-management, specific attributes that influenced the labour relation's climate, identified specific transformational leadership qualities or lack thereof and lastly what the ideal employees' expectations would be in terms of effective labour relations?

This qualitative study entailed an assessment that indicated specific attributes or constructs that influenced the labour relations between management and employees. Identifying these constructs assisted in the drafting of a proposal or in implementation of action plans in accordance with transformational leadership qualities, which will facilitate sounder labour relations.

The outcome of the study indicated that the labour relationship was not sound or effective and, as will be seen in chapter three, a focus on detailed specifics that hampered the relationship between the two parties will be teased out.

It was concluded that the modern demands of employees require a different approach compared to authoritative, non-supportive leadership styles of the past. The relationship between management and employees becomes more important, considering the success or potential success of the organisation. If we do not recognise employee needs, or provide effective management of employee needs, we will inevitably experience severe problems. Should transformational leadership qualities facilitate a more sound and productive workforce, one can surely argue, that transformational leadership will make a difference in any organisation.

## **OPSOMMING**

**Onderwerp:** 'n Ondersoek na die ervaring van arbeidsverhoudinge gemeet teen transformasieleierskap.

**Sleutel terme:** Transformasieleierskap, effektiewe arbeidsverhoudinge, konflik, konstrunkte wat die arbeidsverhoudinge beïnvloed.

Klagtes van werknemers kan baie keer die arbeidsverhoudinge tussen bestuur en werknemers nadelig beïnvloed, wat as gevolg tot konflik kan lei. Die belangrikheid van transformasie leierskap plaas 'n fokus op die moontlike korrelasie tussen werknemer klagtes gemeet teen die tekortkominge of afwesigheid van transformasieleierskap eienskappe.

Transformasieleierskap is 'n leierskapstyl waar leiers fokus op konstrunkte genaamd inspirasie, motivering, stimulasie en konsiderasie om te poog om werknemers as belangrik te laat voel. Die leierskapstyl poog om werknemers 'n gevoel van 'waardevol' te laat ervaar, en wat die werknemers help om hoër doelwitte vir hulself te bereik wat die maatskappy se algemene doelwitte ondersteun en bevorder.

Die studie fokus op 'n groep konsultante in 'n sosialistiese land wat verantwoordelik was vir die privatisering van 'n staatsinstelling na die van 'n private instelling. Die span was verantwoordelik vir 'n holistiese transformasie proses van die instituut, waar die verantwoordelikheid behels het dat elke besigheidskomponent operasioneel bestuur was deur die konsultante.

Die primêre doel van die studie was om te bepaal hoe die konsultante arbeidsverhoudinge ervaar het, en die geïdentifiseerde arbeidsverhoudinge konstrunkte te vergelyk teen transformasieleierskap karakteristieke. Deel van die primêre doel was om te bepaal of daar 'n interafhanklikheid bestaan tussen die ervaarde konstrunkte van arbeidsverhoudinge en transformasieleierskap.

As deel van die meetinstrument was gebruik gemaak van semi gestruktureerde onderhoude waarin die arbeidsverhoudinge klimaat gemeet was, die posisie en rol van bestuur, konstrunkte wat arbeidsverhoudinge nadelig beïnvloed, die identifisering van transformasieleierskap eienskappe of gebrek aan eienskappe, en ten laaste wat die verwagte posisie en rol van bestuur sou wees gesien uit die oogpunt van werknemers.

Die kwalitatiewe studie fokus op die identifisering van konstrunkte wat arbeidsverhoudinge nadelig beïnvloed, en gevolglik kan voorstelle of aksie planne daargestel word ten einde gesonder arbeidsverhoudinge te fasiliteer.

Hoofstuk drie verwys na die uitkoms van die ondersoek met 'n meer gedetailleerde beskrywing van konstrunkte wat die arbeidsverhoudinge nadelig beïnvloed het.

Hoofstuk vier verklaar dat bestuur nie meer vandag kan fokus op 'n outokratiese, nie ondersteunende rol nie, maar wel in ag moet neem dat werknemer belange al hoe meer belangrik word. Sou dit nie in berekening gebring word dat werknemers belangrik geag beskou te word nie, kan die suksesse van die organisasie nadelig beïnvloed word. Deel van die samevatting en konklusie is dat transformasieleierskap 'n daadwerklike rol sal speel in die daarstelling van gesonder arbeidsverhoudinge.

## **Chapter 1**

**Exploring the link between the experience of labour relations and transformational leadership.**

## **Key words**

Transformational leadership, leadership, employee relationships, employee concerns, labour relations, management characteristics, organisational success.

### **1.1 Background to the study**

Organisational success depends on human capital, as the work humans perform can make a major difference to the performance and competitiveness of the organisation (Swanepoel, Erasmus, van Wyk, & Schenk, 2003). Adding to organisational success, the interplay between two parties – manager and employee – has a direct impact on each other (Bryman, 1992) and is successfully substantiated when Fiedler (1996) states that the effectiveness of a leader is a major determinant of the success or failure of the group.

Swanepoel et al. (2003) view labour relations as:

...being concerned with the relations (primarily collective but also to a lesser extent individual) between employer(s) (and/or manager(s) as the representatives of the employer) and workers (and/or their representatives such as trade unions) which develop from employment relationships and which are essentially concerned with balancing the various interests of, and regulating the levels of cooperation and conflict between, the parties involved (p. 616).

Fournies (2007, p. 113) escalates the dependency of the relationship when he says: “except for failure because of personal problems or personal limits or because no one could do it, and perhaps a few obstacles, everything else we discuss could be subcategorised under the heading of poor management”. He furthermore states that if he poses the question as to why employees do not do what they are suppose to do, the answer would probably be due to poor management, subsequently influencing the relationship between management and employee. In order to ensure organisational success, the employee-employer relationship remains imperative as failure to maintain balance will result in the organisation facing multiple concerns (Swanepoel et al., 2003).



Many factors can create an unwelcoming or unsupportive work environment. The capacity of managers to express appreciation, to command adequate communication skills, to have the discernment to give credit to staff when credit is due and to grant recognition accordingly, are regarded as core attributes of good managers (Manning, 2007). Yet when these required capacities are not displayed, sub-ordinates tend to experience their work as negative and this leads to various complaints or reactions from employees (Manning, 2007).

Rainmaker (2006, p.1) identified certain typical complaints that lead to low employer scores:

- 39% of workers said their supervisor failed to keep promises;
- 37% indicated their supervisor failed to give credit when this was due;
- 31% said their supervisor gave them the 'silent treatment' during the past year;
- 27% report their supervisor made negative comments about them to other employees or managers;
- 24% indicated their boss invaded their privacy; and
- 23% said their supervisor blamed others to cover up personal mistakes or to minimize embarrassment.

Arthur (2001) adds that employees will voluntarily terminate their service purely because they feel they are not valued, don't get feedback from management, receive no opportunities for growth and/or experience unsatisfactory work relationships.

Feeling underappreciated or working under non-supportive or demanding, rigid supervision, contributes to low individual and group morale that eventually escalates into situations where employees don't complete tasks on time and simply have an attitude of 'I don't care' (Zenger & Folkman, 2002). Poor communication often results from low motivation levels, subsequently leading to unclear objectives with an outcome of low levels of enthusiasm and commitment (Kerzner, 2009).

In a non-participant management style, the manager retains as much power and decision-making authority as possible, which results in managers not allowing any room for adding value, nor giving explanations for certain tasks to be performed (Drenth, Thierry, & Wolf, 1998). Stringer (2010) states that the micromanager shows little trust in employees and robs

them of the ability to do their job. He states, furthermore, that “micromanagers usually have an obsessive-compulsive behaviour and fear if they don't stay on top of an employee then their job is on the line” (p. 1). Like any relationship a labour relationship not founded on trust, values or integrity will inevitably experience difficulties (Bendix, 2001).

Hoover (2004) reminds us of the fact that non-supportive leaders make decisions independently with little or no input from the rest of the group and that researchers found that decision-making from employees was less creative under authoritarian leadership. When employees are discouraged from communicating their wants and needs, Fournies (2007) maintains that the result would be that they will only focus on complying with the basic expectations of the job, and they will not contribute anything more than that.

The leadership characteristics are a critical construct of employee relations and although different leadership theories exist, transformational leadership is a viable paradigm for changing organisations, as “transformational leaders behave in ways that allow them to serve as role models for their followers. The leaders are admired, respected, and trusted. Leaders are endowed by their followers as having extraordinary capabilities, persistence, and determination” (Bass & Riggio, 2006, p.6).

Transforming organisations, in terms of creating more effective labour relations, requires actions by the leaders to change attitudes of employees in order to meet organisational goals (Gennard & Judge, 2005). Evolving from the definition of labour relations the objective of actions displayed by leaders is to build employee trust, to create feelings of fairness and great commitment. This can contribute to maintaining a balance in terms of the labour relationship (Gennard & Judge, 2005).

To ensure the effective balance between management and employees, transformational leaders typically embody the four *I*'s and this sets them apart from other leaders using other styles of management. Bass and Riggio (2006) describe the four *I*'s as follows:

- Idealised influence: Respect, dignity and fairness are considered quality attributes and as such the leader will often be viewed as the person that possesses the personality and skills to be considered the inspiration and director of any action (Hakala, 2008).

- Inspirational motivation: Depicted in a study by Ogbonna and Harris (2000), they highlight the importance of transformational leaders as visionary and enthusiastic, with the ability to motivate their subordinates at all times. They also refer to findings by Nicholls (1988) and Quick (1992) that the visionary and inspirational skills of transformational leaders motivate employees to deliver 'superior' performance (Ogbonna & Harris, 2000, p. 768).
- Intellectual stimulation: In order to improve the confidence and competence of employees, they need to be coached from the start point of both their successes and mistakes. In doing so it builds their self-esteem and they will take more initiative in meeting operational targets (Eaton & Johnson, 2001). Employees need recognition and when the employer respects and appreciates work of excellence, employees will more use their initiative more often and will do more than what is normally expected of them in terms of job requirements (Vultaggio, 2009). The more management involves employees in decision-making processes, making them part of the action in order to succeed, the situation will contribute to defining the exact roles or part the employee will play (AdvancedWriters.com, 2009).
- Individualised consideration: In order to enhance supportive management, transformational leaders will establish effective communication lines in order to encourage employees to put forward good ideas and suggestions, and will ensure that recognition for the initiatives taken is given to the relevant employees (Cherry, 2010).

The four I's are the core constructs of transformational leadership characteristics (Bass and Riggio, 2006), but other authors have elaborated on associated characteristics (Argyris, 1953, Stogdill, 1948, Tichy & Devanna, 1986) and these are of value in study measurement as they provide a platform from which to pose questions, ultimately depicting the four I's. The associated characteristics are:

- Integrity;
- Sets clear goals;
- Clearly communicates a clear vision;
- Sets a good example;
- Expects the best from the team;
- Encourages;

- Supports;
- Gives recognition for good work and for people;
- Provides stimulating work; and
- Inspires.

One can argue that complaints or concerns from employees influence the balance in terms of the labour relationship. In lieu of the emphasis placed on transformational leadership in today's changing organisations one can certainly place the study focus on the possible correlation between employee complaints benchmarked against the lack or absence of intrinsic characteristics of a transformational leader. In addition Bass (1990) argues that only transformational leadership now becomes pertinent in order to meet new demands and changes as they occur, and if this is neglected we may lose talented and creative people (Hoover, 2004).

## **1.2 Problem statement**

Boudreau and Ramstad (2007) questioned whether it is called “people, labour, intellectual capital, human capital, human resources, talent or some other term, the resource that lies within employees on how they are organised is increasingly recognised as critical to strategic success and competitive advantage” (p. 4). Employers should recognise that organisational goals can only be achieved by the most important resource namely employees, who's knowledge, skills and abilities create value and therefore a competitive advantage in the labour market (Baron & Armstrong, 2007).

A strategic approach to people management means that employers must recognise that employees work within an environment of complexity, which means that managers need to focus on the way people participate in organisational dynamics (Ingham, 2007). Yet, this concept still remains one of the most important concepts and challenges in the workplace as unfairness and ineffective labour relations still cost employers huge amounts of money in the form of high levels of turnover, diminished loyalty and in some cases formal litigation against the employer (Collins & O'Rourke, 2009). Collins and O'Rourke (2009) also stated that employees who feel they are not treated fairly will embark on industrial action, as well as

orchestrating slowdowns, degrading their managers, contributing to high absentee rates and focusing on generally lower product quality.

When the positive labour relationship gets damaged, conflict becomes inevitable. This is defined as a disagreement between two or more people who differ in attitudes, values, beliefs or needs (Barber, Sullivan & Emery, 2006). They also stated that the parties involved in the conflict are interdependent and that the conflict cannot be resolved without mutual effort and should the conflict not be dealt with in the appropriate manner, consequences can include a decrease in morale, worker's low self-esteem, polarisation of employees or groups and a work environment that is unpleasant and dissatisfying.

Trust as a key construct towards building or balancing sound labour relations is built on capability, benevolence and integrity (Kantonen & Karjaluoto, 2008). These constructs boil down to the organisation's ability to recognise contributions from employees and follow through on promised incentives (Kantonen & Karjaluoto, 2008). They also stated that individuals want to believe that the organisation wants to treat them fairly and will live up to those expectations.

Trust as a construct towards sound labour relations includes terms such as confidence, integrity, ability, character, belief, reliance, dependence, faith, commitment, responsibility and care (Biech, 2010). Biech (2010) also adds that trust is the element of interpersonal collaboration and cooperation that determines if the labour relationship is successful or not. As previously mentioned in this study a labour relationship not founded on trust, values or integrity will inevitably experience difficulties (Bendix, 2001).

According to Sims (2002) negative consequences of conflict – subsequently influencing sound labour relations – are viewed as threatening the psychological wellbeing of employees. They create a negative work environment or climate. They interfere with effective communication, break down group cohesion, can increase hostility and aggressive behaviours, promote individual efforts to acquire power to advance their own efforts and all of this reduces the organisation's capacity to compete in the marketplace.

According to Rahim (2001), conflict can cause job stress, burnout and dissatisfaction. Rahim (2001) also refers to the fact that communication becomes less effective, a climate of distrust and suspicion can develop, relationships get damaged, job performance is reduced and, resistance to change and organisational commitment and loyalty will be affected. Kubr (2002) mentions that the consequences include: poor communication, disagreement on objectives, disagreement on intervention methods, differences over the pace of change, resistance to change, refusal to co-operate, poor performance and inefficiency, and non-respect for commitments.

The main problem of this study and its main point of focus is on the fact that management has a direct influence on how employees perceive the employee-employer relationship, subsequently determining the balance in terms of the labour relationship. The fundamental complaints of employees demonstrate a direct link to a lack of transformational leadership qualities and more specifically to the four *I*'s of Bass's theory. By not addressing employee concerns, the labour relations within the organisation will ultimately be influenced by the factors listed below:

- Idealised influence:

*Employee concerns relating to the concept:*

- Employees feel that they are not valued (Arthur, 2001)
- Management failed to keep promises (Rainmaker, 2006)
- Management incompatible with corporate values (Arthur, 2001)
- Management makes negative comments (Rainmaker, 2006)
- Management shows little trust in employees (Stringer, 2010)

- Inspirational motivation:

*Employee concerns relating to the concept:*

- Management fails to give credit (Rainmaker, 2006)
- Under-appreciation, poor communication and no recognition (Manning, 2007)
- Lack of feedback (Drenth, Thierry & Wolf, 1998)
- No recognition (Manning, 2007)

- Intellectual stimulation:

*Employee concerns relating to the concept:*

- Lack of opportunities for growth (Arthur, 2001)
- No explanation from management (Drenth, Thierry & Wolf, 1998)
- Not encouraging proposals or views (Hoover, 2002)
- No recognition (Vultaggio, 2009)
- No participative management (Stringer, 2010)

- Individualised consideration

*Employee concerns relating to the concept:*

- Application of authoritarian leadership style, no opportunity to communicate openly
- No support (Kerzner, 2009)
- Not encouraging employee individualism (Stringer, 2010)
- No enthusiasm or commitment (Kerzner, 2009)

Literature concerning most common complaints or concerns from employees directly impacts on the labour relations as the balance between the parties now becomes a conflict or concern. As previously referred to in this study by Gennard and Judge (2005) the leadership of an organisation needs to take action to create a balance in terms of common goals and interests (Swanepoel et al, 2003). If the actions required from management were to be applied in accordance with Bass's theory, the question would be whether or not labour relations can be transformed to be more sound and effective.

### **1.3 Research questions and objectives**

#### **1.3.1 Primary research question**

Primarily, the question arises as to how employees experience labour relations and in what manner their experiences can be benchmarked against transformational leadership qualities?

### **1.3.2 Secondary Research question**

- 1.3.2.1 How does the literature define transformational leadership qualities and how can it be viewed as an important construct in labour relations?
- 1.3.2.2 What is the position and role of management towards labour relations and what are typical constructs that influences the employee-employer relationship?
- 1.3.2.3 Is there a correlation between constructs that influence labour relations benchmarked against the qualities of transformational leadership?
- 1.3.2.4 What are the expectations from employees towards management in ensuring sound labour relations?
- 1.3.2.5 Do transformational leadership qualities meet the expectations from employees to ensure sound labour relations?

### **1.3.3 General Objective**

The general objective of the study is to evaluate how employees experience labour relations and to benchmark their experiences against transformational leadership qualities.

### **1.3.4 Specific objectives**

- 1.3.4.1 To ensure a literature overview on transformational leadership and to indicate why this concept is viewed as an important construct in ensuring sound labour relations.
- 1.3.4.2 To determine the position and role of management in labour relations and to identify specific constructs that influence the employee-employer relationship.
- 1.3.4.3 To determine a correlation of constructs that influence labour relations against the characteristics of transformational leadership.
- 1.3.4.4 To determine what expectations employees will have with regard to management in that will ensure sound labour relations.



- 1.3.4.5 To determine if transformational leadership qualities meet the expectations of employees to ensure sound labour relations.

## **1.4 Paradigmatic Perspective of the research**

### **1.4.1 Discipline**

Organisational behaviour stresses the importance of people which requires management to have and effectively to apply human relation skills (Jain, 2005). Management must have the ability to deal with and to relate to people in order to improve the effectiveness of the organisation (Jain, 2005). The research falls within the purview of the behavioural sciences with a primary objective of focussing on the importance of transformational leadership.

Leadership is a social influence that cannot exist without a leader and one or more followers. Secondly leadership elicits voluntary action on the part of the followers and lastly leadership results in follower's behaviour that is purposeful and goal-directed in some organisational settings (Encyclopaedia of Small Business, 2010). For this reason it is important to understand that the focus of the research is on organisational behaviour that interprets and understands what people perceive as or attribute to the concept of leadership. This will hopefully help leaders to understand their frameworks and how their perspectives as leaders affect a leadership process (ASHE Higher Education Report, 2006).

### **1.4.2 Meta-theoretical assumption**

A key element in the social constructionist view is the network of contacts that brings organisational role-players together (Meindl and Shamir, 2007). Meindl and Shamir (2007) also claim that a social network is considered a routine pattern of interpersonal contacts that can be identified as organisational members exchanging information, resources, influences, affect and power (Meindl and Shamir, 2007).

Transformational leadership focuses on developing mutual trust, fostering the leadership abilities of others, setting goals that go beyond the short-term needs. Behavioural science provides an insight into understanding the complexity of human nature that also provides

concepts to develop managerial skills in solving problems within the organisation (Kumar, 1998).

The objective of the application of a social constructionist approach is to focus on interpersonal contacts responsible for mutual sound interaction, to understand the complexity of human nature in the workplace, as well as to consider the principal of sound labour relations through balancing interests and conflict between employees.

Focussing on exploring the inter-dependence between the two constructs of transformational leadership and labour relations, the inter-dependence can meaningfully be evaluated by exploring the influences, effects of the influences, and power relations between management and subordinates.

#### **1.4.3 Ethical consideration**

Ethical conduct is important to foster collaboration, cooperation, and trust, to achieve the goals of research and to avoid or minimise events resulting from unethical or illegal behaviour (Shamoo and Resnik, 2009).

Specific ethical considerations for the purpose of the study need to be discussed and explained to the participants. The right to privacy, anonymity and confidentiality, the right to full disclosure about the research, the right not to be harmed, the right to refuse any interview and to refuse to answer telephonic or e-mail questionnaires, the right not to answer any question, not to be interviewed during mealtimes, at night or for long periods all need to be explained before conducting any form of study involving humans.

#### **1.5 Research Method**

The research method with regards to the specific objectives will consist of a literature review and an empirical study.

### **1.5.1 Literature review**

Deriving from the specific objectives of the proposed study an overview of the latest specific literature concerning transformational leadership and the inter-relationship between this and labour relations will be captured in chapter two. Part of chapter two will entail the establishment of a theoretical model concerning transformational leadership qualities. Chapter three will entail the position and role of management in terms of labour relations. The results of the empirical study should determine how employees perceive the labour relations climate. This will be benchmarked against the theoretical model and presented in a conclusion and recommendations.

- Searching literature will entail reference to different sources such as libraries and internet sources to obtain relevant books applicable to the topic of transformational leadership and labour relations. In this regard keywords such as transformational leadership, employee morale, new era management, advantages of transformational leadership, leadership qualities, x generation, labour relations etc. will be applicable.
- Searching internet articles focus will be given to phrases such as ‘expectations from employees’, ‘what employees want to see in their managers’, ‘how do we manage our employees in a new era?’, ‘participative management’, ‘the consequences should we not listen to our employees’, ‘values, ethics and norms determined by management’, ‘labour relations’ etc. Search engines that will be utilised in this regard are Google and Google scholar.

### **1.5.2 Empirical study**

The empirical study will consist of the research design, the participants and the procedure, measuring instrument, measurement model, data analysis, outcome and recommendation.

### **1.5.3 Research design**

Trochim (2006) defines a research design as:

‘...the glue that holds the research together. A design is used to structure the research, to show how all the major parts of the research project – the samples or groups, measures, treatments or programs, and methods of assignment – work together to try to address the central research questions (par. 1).

The nature of this study is qualitative and the framework for collecting and analysing the data will be a longitudinal design which entails that the same population will be interviewed at different points in time (Smith, 2008).

The specific focus of this study will be an evaluation of how a consultant team (employees) experience labour relations benchmarked against the characteristics of transformational leadership. For the purpose of the study the consultants are classified as employees as they meet the requirements in terms of the Basic Conditions of Employment Act:

A person who works for, or renders services to, any other person is presumed, until the contrary is proved, to be an employee, regardless of the form of the contract, if any one or more of the following factors is present: a) The manner in which the person works is subject to the control or direction of another person; b) the person's hours of work are subject to the control or direction of another person; c) in the case of a person who works for an organisation, the person is a part of that organisation; d) the person has worked for that other person for an average of at least 40 hours per month over the last three months; e) the person is economically dependent on the other person for whom that person works or renders services; f) the person is provided with tools of trade or work equipment by the other person; or g) the person only works for or renders services to one person (Section 83A (1)).

It is therefore suggested that the consultant team will be classified as the study population.

Making use of a semi-structured multi-factored sensitive questionnaire in which the respondents will be asked open-ended questions will ensure an elaborative approach towards the objective of this study. Giving the respondents the opportunity to elaborate on perceptions will be detrimental in making findings, conclusions and recommendations. A theoretical sensitive analysis approach will be used during this study in which data will be coded. From initiating the first interviews, a time frame of six months will be conducive before the conducting of the second interviews. Conclusions and recommendations will follow the outcome of the empirical study.

#### **1.5.4 Participants and procedure**

This study focuses on a team of expatriates working as consultants in a foreign socialist country responsible to ensure a sound business transformation process of a government institute to that of a private institute. The consultants are predominantly from South Africa with the exception of one consultant from the United Kingdom. The team is responsible for the holistic transformation of the institute which entails that every business component operationally gets managed by the consultants. The consultant's report directly to the executive committee in which the executives with the exception of one member are not from South Africa.

Focussing on the objective of the study the aim is to establish how the respondents – expats – perceive or experience labour relations with a focus on an inter-relationship between various transformational leadership qualities. Transformational leadership consists of certain constructs. The study will examine how the respondents – expats – experience labour relations in which the experienced constructs will be benchmarked against transformational leadership qualities. It is imperative to note that the focus centres purely on the experience of labour relations benchmarked against transformational leadership qualities. Cultural and political influences are not measured in this study.

For the purpose of the study race, gender and age are not taken into consideration as the researcher believes the components are not part of the objective of the study. The consultants function under a specific corporate body and for the purpose of the study the evaluation or scope of the study will fall under the jurisdiction of the company.

Benefitting from this study will entail an assessment that will indicate specific attributes or constructs that influence the labour relations between management and employees. By identifying these constructs it will assist in the drafting of the proposal or implementation of action plans in accordance with transformational leadership qualities, which will facilitate sounder labour relations.

As stated above, the nature of this study will be qualitative and the researcher will make use of probability sampling. Qualitative approaches generally involve the exploring, describing and interpreting of personal and social experiences of participants and an attempt is usually made to understand a relatively small number of participants “frames of reference or views of the world rather than trying to test a preconceived hypothesis on a large sample” (Smith, 2008, p. 2).

Considering the primary objective of the study, which is to determine the influence of transformational leadership qualities on labour relations and whether or not there is a correlation between the two concepts, the researcher will make use of an evaluability assessment. An evaluability assessment not only indicates if a programme can be ‘meaningfully evaluated’, but also if the outcome of the evaluation contributes to improving specific performance programmes or management. (Justice Research and Statistics Association, 2003, p. 5)

Focussing on the validity and reliability of the study, attention will be given to descriptive and theoretical validity. Descriptive validity will focus on the factual accuracy of the literature quoted in this study of which the literature is suppose not to be made up, be selective or be distorted (Cohen, Manion & Morrison, 2007). Adding to the descriptive validity, a theoretical approach will also be used to the extent to which the research will explain concepts expressing the validity (Cohen, Manion & Morrison, 2007) of the study. Theoretical validity is also confirmed where research is justified from established theoretical perspectives or where original work has led to new theories being established (Baker & Hart, 2008). In this regard validity will support reliability.

### **1.5.5 Measuring instrument**

A specific interview guide will be applicable and interviews will be conducted in a fair and consistent manner. More specifically the guide will measure the following attributes:

- Basic introduction of employee, position and role;
- The current labour relations climate;
- The position and role of senior management;
- Specific attributes that influence the labour relation's climate;
- Identification of specific transformational leadership qualities or lack thereof as indicated by Bass; and
- What would be ideal employees' expectations in terms of effective labour relations?

Focussing on the study population, interviews will be held using open-ended questions and face to face with a focus on a saturation point. The initial stage will include a basic induction explaining the purpose of the research, that interviews will be held in a confidential manner and that no one will be victimised or information be used to the disadvantage of any employee. Participants will be given the opportunity to ask any question(s) for clarity purposes. Participants will also be briefed that participating in the process will be on an entirely voluntary basis and that no one can be forced to participate.

The interview guide consists of 25 questions and it is believed that to conduct an interview will take at least one hour. The same questionnaire will be used for all participants to ensure consistency, fairness and objectivity. The questions in the interview guide focus primarily on addressing the objective of the study and they will also address attributes or constructs pertinent to transformational leadership and sound labour relations. Constructs such as participative management, fairness and consistency, motivation, dignity and respect, supportive management, clear understandable communication, clear objectives, trust recognition, reliability, ethics and values will be covered.

During the interview process the researcher will make use of audiotape recordings with the permission of the respondents (Burns & Grove, 2005) and will also make notes on the actual

interview. Original recordings, interview guides and transcripts including copies will be filed in safekeeping for any possible future reference.

### **1.5.6 Data Analysis**

A theoretical sensitive analysis approach will be applicable in this study. The researcher also believes content analysis will form an integral part in enabling a coding process in terms of data. Because the researcher is making use of a semi-structured interview process it is important to note that pre-determined questions of interest to confirm study domains and “identifying of factors, variables and items or attributes of variables for analysis” (Schensul, Schensul & LeCampte, 1999, p. 149.) have already been included.

In coding the data, segments are labelled and grouped by category, then examined and composed, both within and between categories (Hesse-Biber & Leavy, 2008). Hesse-Biber and Leavy (2008) also state that coding categories are a means of sorting the descriptive data. This becomes imperative for the conclusion and recommendations.

Based on a proposal from (Humphris & Littlejohns, 1999) the researcher will focus on familiarising himself with the content of the interview data first, reviewing the interview transcripts and identify recurrent themes. Attention will then be given to developing a thematic framework followed by indexing the transcripts. Data will then be categorised and patterns and association will then be formulated. Lastly the researcher will focus on giving explanations, conclusions and recommendation (Humphris & Littlejohns, 1999).

## **1.6 Chapter division**

Chapter 1: Introduction and problem statement

Chapter 2: Research article 1 – The inter-relationship between transformational leadership and effective labour relations

Chapter 3: Research article 2 – The experience of what the expected position and role of management should be in ensuring sound labour relations.

Chapter 4: Conclusion, limitations and recommendations



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## **Chapter 2**

**Transformational leadership and the inter-relationship towards effective labour relations.**

## **Key words**

Transformational leadership, leadership, labour relations, transformational leadership characteristics, workplace conflict, employee relations, management characteristics, organisational success, constructs enhancing labour relations.

## **1. Background**

Employees are often viewed as an “organisation’s greatest asset, as generators and drivers of business, as the source of competitive advantage, as the organisations only product or trading base, and as facilitators to make other assets productive” (Guest, 2001, pp.53-54). Boudreau and Ramstad (2007) comment that whether it is “called people, labour, intellectual capital, human capital, human resources, talent or some other term, the resource that lies within employees on how they are organised is increasingly recognised as critical to strategic success and competitive advantage” (p. 4).

Despite slogans or statements about employees, or human capital, being the most important contributor to organisational success, some employees claim that they are more commonly not considered to be the greatest asset (Mayo, 2001). A study conducted in the United Kingdom indicated that less than 20% of the workforce feel that decisions made by top management match “the espoused belief in the real value of people” (Mayo, 2001, p. 2). Gostick and Elton (2010) stated that a study conducted by Towers Perrin indicated that 58% of employees worldwide do not feel appreciated for their good work and on the other hand indicated that half of managers agree that they don’t give rewards or recognition for good performance.

Irrespective the statistics, which are often debateable, one can argue, as Bruhn (2001) does, that employees more often than not perceive that management functions in isolation and that management violates the boundaries around employees or groups and that this contributes to the distrust and the feeling of not being valued.

Against the background of employees who believe that they are not valued or appreciated, the focus shifts to the way we manage employees, as this becomes pertinent in organisational success. In this regard the question ultimately will be what attributes or constructs cause the

labour relationship between management and employees to be ineffective, and how this impacts on organisational success?

## **1.1 Problem statement**

### **1.1.1 What makes employees unhappy?**

Transformational leadership, as the name implies, is leadership that changes employees or people. “It empowers individuals to go beyond self-interest and pursue goals that are in the common interest. Transformational leadership accomplishes this by developing a relationship with followers, and by tapping into their personal values in a way that matches them to the values of the organization” (Worth, 2011, p. 111).

Transformational leadership focuses on adding value to an organisation by recognising the importance of employees or rather employee needs, and it inspires them to facilitate change and to fulfil higher order needs (Hernon, 2010). Once organisations do not recognise their employees or do not attend to their concerns, they are often confronted with typical complaints as set out as follows:

Langan-Fox, Cooper and Klimoski (2007) indicated that 41% of USA workers experience some type of psychological aggression and 6% of the workforce experience physical violence. Workplace aggression is an insidious feature of many organisations with severe consequences that range from attitudinal to behavioural and health-related issues (Langan-Fox et al., 2007). Typical examples of consequences are lower levels of job satisfaction, impaired physical and psychological health, high levels of labour turnover and counterproductive work behaviour. Adding to these consequences, conflict hampers productivity which lowers employee morale, mushrooms into larger conflicts, and causes people to react inappropriately (Langan-Fox et al., 2007).

Substantiating the causes of conflict, results of research by Rainmaker (2006, p. 1) identified typical complaints being:

- 39% of workers experiencing that their supervisor failed to keep promises;
- 37% indicated their supervisor failed to give credit when due;
- 31% said their supervisor gave them the ‘silent treatment’ during the past year;

- 27% report their supervisor made negative comments about them to other employees or managers;
- 24% indicated their boss invaded their privacy; and
- 23% said their supervisor blamed others to cover up personal mistakes or minimize embarrassment.

If employees are constantly surprised by new programmes and policies without having their opinions and thoughts taken into account or without the supervisor explaining the situation, these employees will feel left out of the process and will also experience a feeling of being disrespected (Stroman, Wilson & Wauson, 2008). To ensure that office politics do not get in the way of what is fair, right and just, employees need to be consulted from time to time on their opinions, thoughts and they should be invited to offer feedback on a wide range of organisational issues (Hall, Holloway, Adonis, Pearson, & Penglose, 2009).

If decisions taken by management are inconsistent, uninformed or sometimes completely missing, conflict becomes inevitable (Stroman et al., 2008) and more often than not this causes the perception amongst employees that the leadership of the organisation simply doesn't know what they are doing. These reactions will negatively influence the trust and credibility between the two parties (Liff, 2007). Maintaining balance in terms of the labour relationship is to ensure that all employees are equally treated throughout the organisation. This implies the avoidance of favouritism, the promotion of fairness, and the establishment of credibility and consistency (Arduser & Brown, 2005).

Trust between management and employees is essential in ensuring sound effective labour relationships. As will be indicated later in the study, the definition of labour relations refers to the maintaining of balance between management and employees and should trust amongst other attributes not be present, the labour relationship between the two parties will be severely damaged. Adding to the importance of trust – a core construct of sound labour relations – Rogers (2002) stated that a study conducted by Boston University of staff cynicism, revealed that 80% of US employees do not trust their management.

If there is no trust as a result of unfairness and/or a lack of credibility, employees cannot share ideas and suggestions, either with fellow employees or with management (Khosrow-



Pour, 2002). Organisational success depends on interaction and, where trust is lacking, the organisation cannot grow.

Conflict in the workplace can emanate from competition, power struggles, cultural differences, different approaches to tasks and a lack of respect for the views and feelings of others (Gantz, 2009). Taking this statement one step further, Walker and Miller (2009) claim that the most common causes of conflict in the workplace are a lack of communication, feelings of being undervalued, experiencing undefined roles, awareness of preferential treatment, poor management leadership, impractical expectations, overworked employees, stress and personality differences.

### 1.1.2 The specific concerns

Should these concerns, as raised above, and others not be managed or addressed in the appropriate manner, the consequences can obviously be detrimental for any organisation. A summary of the specific concerns influencing the labour relations between management and employees is offered below:

**Figure 1: Constructs (employee concerns) influencing effective labour relations**

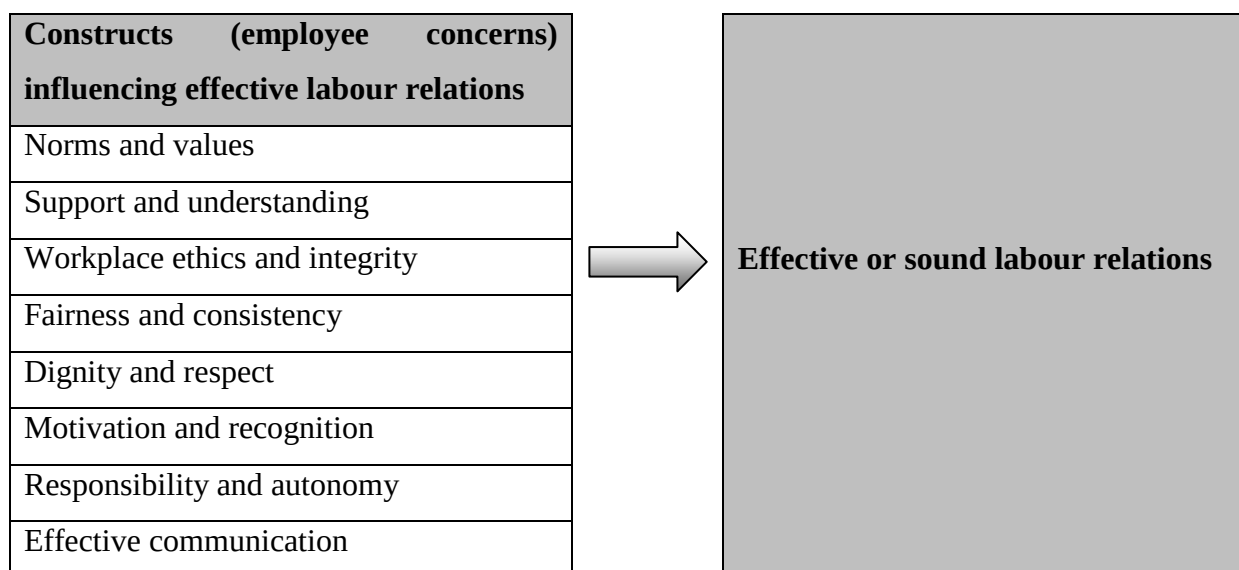


Figure compiled by researcher

Should the constructs indicated in Figure1 above not be effectively managed by the organisations leadership, the organisation will ultimately end up with an extremely negative workforce leading to high absenteeism, poor timekeeping and general lower productivity (Banfield & Kay, 2008). Collins and O'Rourke (2009) stated that employees who feel they are not treated fairly will embark in industrial action, as well as orchestrating slowdowns and the degrading their managers, all of which undermines the organisation's ability to ensure financial health and long-term competitiveness (Banfield & Kay, 2008). Furthermore, consequences of inappropriate management of employees can have severe financial cost implications, as well as high levels of turnover, diminished loyalty and in some cases formal litigation against the employer (Collins & O'Rourke, 2009).

No trust, no credibility, no fairness and consistency, poor communication, inappropriate norms and values, all contribute to a negative workforce. The consequence of a negative workforce as per Banfield and Kay (2008) and Collins and O'Rourke (2009), is the financial cost to employers amounting to huge amounts of money; an expenditure that possibly could have been avoided if employees were managed in an appropriate manner.

Transformational leaders should inspire followers to hold a shared vision. The leaders must empower the employees to achieve the vision of the company (Hardina, Middleton, Montana & Simpson, 2007). Transformational leaders must provide the resources necessary for developing their followers' or employees' full potential. Transformational leaders should also behave as role models, supporting optimism, mobilizing commitment and ensuring employees' or followers' growth (Hardina, Middleton, Montana & Simpson, 2007).

### **1.1.3 Objective**

The focus and the purpose of this study is to explore the inter-relationship between the two concepts of 'transformational leadership' and 'labour relations.' The question arises as to what influence transformational leadership qualities of managers have on the experience of the labour relations by employees? More specifically the focus of this chapter is to explore the inter-relationship between the concepts 'transformational leadership' and 'labour relations'.

The aim of the literature overview is first to explain the concept 'transformational leadership'. the underlying theory of transformational leadership, the qualities of this theory, the importance of transformational leadership and why transformational leadership adds value to sound labour relations, Transformational leadership should be seen as the answer to creating more effective or sound labour relations.

Labour relations specifically refer to maintaining a balance in any conflict between management and employees. Attention should be given to defining the concept 'labour relations' and there should be a focus on labour relation theories, what employees expect in terms of sound labour relations. Finally a clear vision of the inter-dependence between the application of transformational leadership qualities and sound labour relations should be offered. A conclusion and summary will then emerge as a matter of course.

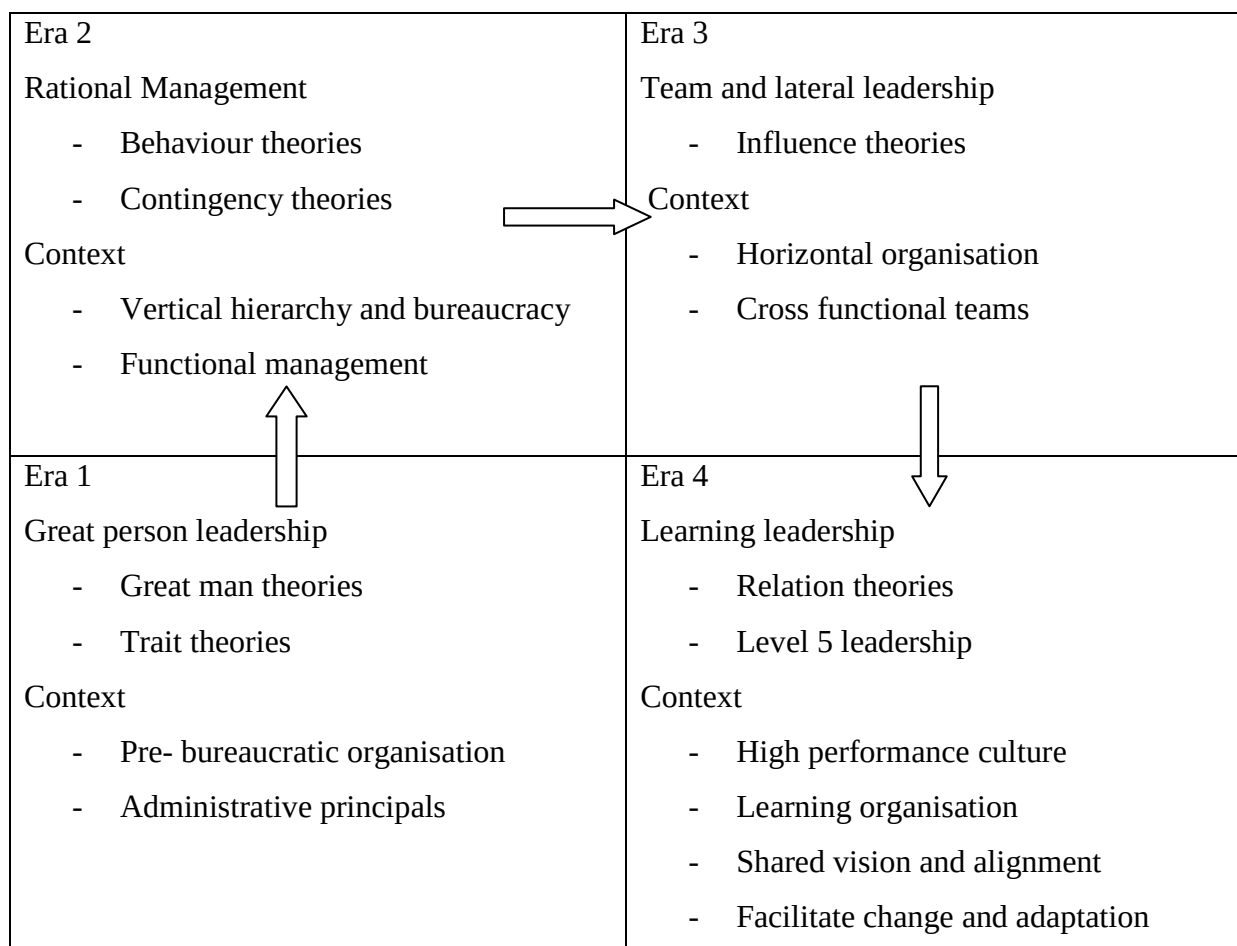
## **1.2 Transformational leadership**

### **1.2.1 Evolution of leadership**

The evolution of leadership theories spans from trait and behavioural perspectives to situational approaches to now transformational behaviours and related outcomes. Leadership today is considered a relationship between those who aspire to lead or to manage and those who prefer or choose to be the followers (Kouzes & Posner, 2007). It is the quality of the relationship between management and employees that matters most when the expectation is to get extraordinary things or results on the table (Kouzes & Posner, 2007).

Primarily leadership theories developed from a bureaucratic leadership approach to a more recent high performance learning organisation (Daft, 2008). Historically an overview of leadership is described in the following model by Daft (2008):

**Figure 2: Historic overview of leadership**



*“The leadership experience. Daft, R.L. (2008, p. 22)”*

“A leadership paradigm is a shared mindset that represents a fundamental way of thinking about, perceiving, studying, researching and understanding leadership” (Lussier & Achua, 2010). Behavioural theory is based on different behaviours or actions that a leader exhibits in different leadership positions and are more commonly known as autocratic or authoritarian, democratic or participative, and lastly laissez faire leadership styles. A basic overview of the different leadership styles reveals reasons why autocratic or authoritarian, and laissez faire styles are not conducive to a current relationship demand between manager and employee.

Authoritarian leadership that is also sometimes referred to as autocratic is often used when a leader wishes to retain as much power as possible and maintain control over the decision-making processes. It manifests itself in these leaders often telling employees what they must do without any form of consultation or negotiation (Gray, 2004). The bureaucratic leadership style is often used in organisations that do not encourage innovation and change, and are normally characterised by leaders who may be insecure and uncertain of their roles (Gray, 2004). Bureaucratic organisations typically are close to bankruptcy in terms of trust, as employees often do not trust managers and managers often do not trust employees (Blanchard, 2010) In such an atmosphere no room will exist for promoting innovation and creativity.

The autocratic leadership style focuses on no input required from subordinates and discourages employees by threat while a laissez faire approach may lead to inadequate direction that can add to a state of confusion because of negligence, or an absence of understanding, and can lead to a lack of accountability (Bagad, 2008).

To manage employees becomes more demanding and difficult than ever before because of the demand for performance and accountability that is extremely high and the fact that employees are more litigious than ever before (Liff, 2007). According to Fox (2006) the variety of characteristics of groups and individuals requires an equally diverse set of management approaches.

Considering the pertinent function of leadership that entails the capacity to affect peoples' thinking, values or behaviour, transformational leadership becomes imperative as the transformational leader transforms or changes his or her followers. Trusting the leader, these followers perform behaviours that contribute to the achieving of organisational goals, and can be motivated to deliver high working standards (Bass, 1990).

### **1.2.2 Defining transformational leadership**

Transformational leadership has been identified and discussed at length by Podsakoff, MacKenzie, Moorman and Fetter (1990), Bass and Riggio (2006) and Brown and Reilly

(2009). Irrespective the differences and concerns expressed by these individuals, there does seem to be some agreement on the concept of transformational leadership:

“While all of the approaches differ somewhat in the specific behaviours they associate with transformational leadership, all of them share the common perspective that effective leaders transform or change the basic values, beliefs and attitudes of followers so that they are willing to perform beyond the minimum levels specified by the organisation” (Bryman, Collinson, Grint, Jackson & Uhl-Bien, 2011, p. 301.).

This leadership style adds value as:

- The transformational leader is an agent for change and initiates changes in the organisation;
- In order to initiate change, the leader will focus on influencing organisational members, their beliefs and on developing their capacity to change, thus allowing the followers to change their own behaviours; and
- The core values embedded in the concept transformational leadership are that change is good, that the employees have respect for the leader, trust in the leader, high expectations of his or her colleagues and is considered a moral model. (Wiseman, 2009).

The actions required from management have a direct influence on how employees perceive the employee-employer relationship, subsequently determining the balance in terms of the labour relationship. Bass (1990) introduced his transformational leadership model and firmly believes that only transformational leadership becomes pertinent in meeting organisational change and if this is neglected we may lose talented and creative people (Hoover, 2004).

Hodgetts and Hegar (2008) refer to seven principals of transformational leadership that will create a synergy of energy within transformational leadership circles that will influence levels of social, economic and organisational success:

- Simplification – Ability to articulate a clear practical transformational vision;

- Motivation – Ability to gain the agreement and commitment of other people to the vision;
- Facilitation – To effectively facilitate the learning of individuals , teams and other reliable and reputable resources;
- Innovation – To initiate changes when needed because the leaders have built trust and fostered teamwork;
- Mobilisation – To enlist, equip, and empower others to fulfil the vision;
- Preparation – To never stop learning about themselves, with or without the help of others;
- Determination – Leaders depend on stamina, endurance, courage and strength to finish every day (pp. 354 – 355).

The topic of transformational leadership has received a great deal of attention over the last few years and literature indicates at least six key behaviours associated with transformational leadership (Bruhn, 2001):

- Identifying and articulating a vision of the future;
- Providing an example for employees;
- Promoting co-operation and team work amongst employees;
- Communicating expectations of quality and excellence;
- Respect for employee needs; and
- Re-examining and rethinking work functions (p. 43).

Leadership influence is a topic of continual examination which is substantiated through research findings. Organisational leadership behaviours and the influence the behaviours have on employees are integral to organisational effectiveness (Roth, 2004). Successful leaders align performance, cheerlead, establish a greater sense of urgency and align information to vision. Typical characteristics of successful leaders are often associated with terms such as role model, empathic listener and creator of trust, integrity, analytical thinking, engagement of all and the sharing of power (Roth, 2004).

Leadership can be called transformational when a leader displays trust in himself/ herself and his/ her employees, requires high standards in terms of his/ her own and employee's

performance, shows creativity and innovation, formulates tasks and displays strong commitment and conviction (Jeffcutt, 2004). A leader also imports knowledge or skill, shares the meaning of information, trains an employee to practise an occupation or profession, promotes learning by modelling certain behaviours and coaches employees toward understanding a system or structure (Northouse, 2009).

Transformational leadership characteristics as indicated by Bass (1990) include identifying themselves as change agents, believe in their employees, are value driven, are lifelong learners, are able to deal with complexity and visionaries. Another expectation to ensure sound labour relations is a manager's personal commitment to "developing the excellence and potential within each and every employee, an undeniable spirit of caring, love and trust in the employees, contagious enthusiasm and excitement and a genuine belief in a better tomorrow" (Bruce, 2003, p. 18).

Following the characteristics as described above, attention will be given to transformational leadership as indicated by Bass (1990) that consists of the following constructs that will be discussed in more detail:

### **1.2.3 Transformational leadership model**

#### **1.2.3.1 Idealised influence**

Respect, dignity and fairness are considered quality attributes of any successful leader and as such the leader will often be viewed as the person that possesses the personality and skills to be considered the inspiration and director of any action (Hakala, 2008). Often associated with a high level of integrity that is more closely related to a person's internal beliefs and values, such leaders are often seen as honest, incorruptible, fair and consistent in their daily interactions, thus adding to the leader's credibility (Purcis & Smith, 2009). Idealised influence describes leaders who act as strong role models for their followers and are considered as leaders with very high standards of moral and ethical conduct (Northouse, 2009).



**Figure 3: Transformational Leadership**

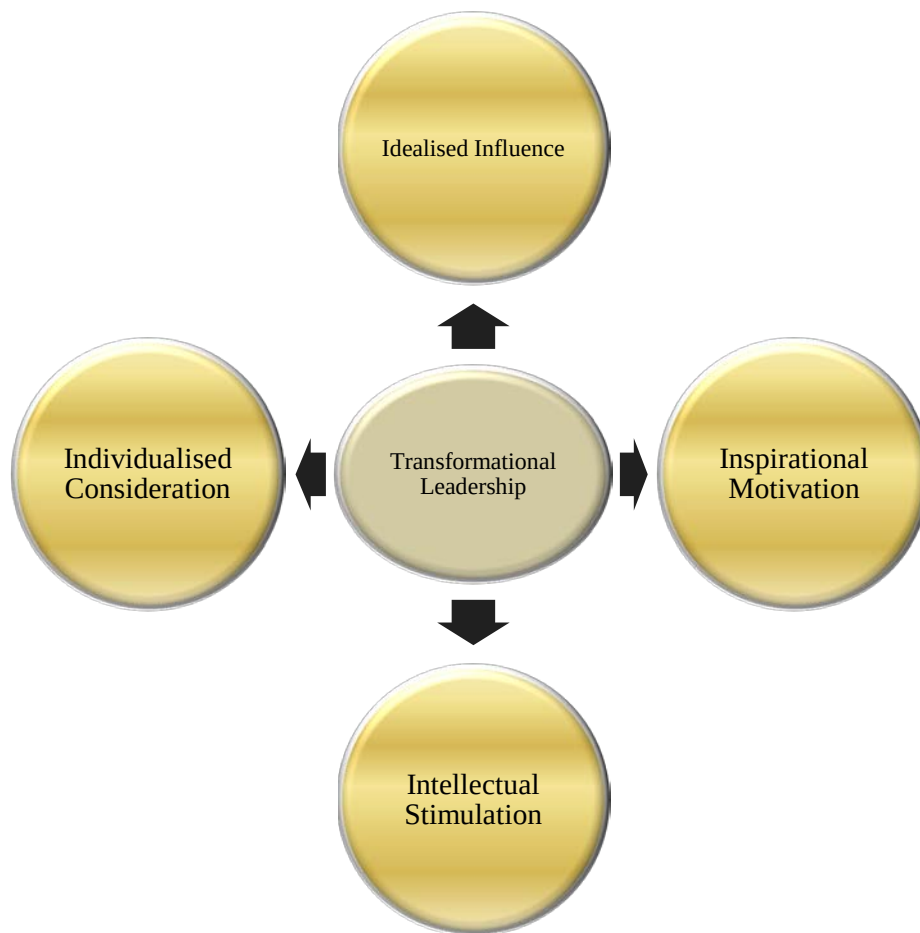


Figure compiled by researcher

A person's attitude can be very temperamental, depending on that person's internal thoughts, mental disposition and emotional stability (Purvis & Smith, 2009). In this regard a leader must constantly be sensitive and very much aware of his internal thoughts and emotional wellbeing that may trigger a negative reaction or response towards employees. Emanating from a leader showing high standards of moral and ethical conduct the concept trust is to have an attitude of optimism and to have the confident expectation that when the need arises, the one trusted will be directly and favourably moved by the thought that you can depend on that person (Rahim, Golembieski & Mackenzie, 2002).

Managers' attitudes and their ability to understand the attitudes of employees will have an influence on motivation of the employees, morale within the company and general job performance (Daft & Marcic, 2009). Daft and Marcic (2009) also claim that by increasing

employee knowledge in the areas of attitudes, personality, perception, learning and stress management, managers can lead employees through many workplace challenges (Daft & Marcic, 2009).

Being trustworthy contributes to credibility and this is generally earned through honesty, sound judgement, integrity, compassion, fairness, openness and generosity (Brown, 2006). To inspire others to move to a common vision, leaders must be positive and passionate about the journey. Employees must believe in leaders' words that can be trusted, that they will do what they say, that they are personally excited and enthusiastic about the direction in which they are heading, and that they have the knowledge and skills to move forward (Brown, 2006).

Building trust and credibility in the workplace essentially with the aim of contributing to fair and consistent labour relations, managers will need to foster their employee's growth and development (Hall et al., 2009). Employees need targeted career development plans and good leaders need to fulfil their promise to provide this development.

Trust as an important construct towards 'idealised influence' and an imperative attribute of high trust organisations.

**Figure 4: High trust organisations**

| Leader behaviour                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Employee behaviour                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>- Consensus often reached</li><li>- Problem-solving atmosphere</li><li>- Creativity</li><li>- Minimum of controls</li><li>- Charismatic/ inspiring</li><li>- Sensitive to employee concerns</li><li>- Fairness</li><li>- Highly visible</li><li>- Provide trustworthy information</li><li>- Reward performance appropriately</li><li>- Flexible in rules to accommodate changing needs</li><li>- Responsive to external environment</li><li>- Visionary values reinforced</li></ul> | <ul style="list-style-type: none"><li>- Open, participative and accept responsibility</li><li>- Highly productive</li><li>- Loyal to the organisation</li><li>- Not defensive</li><li>- Co-operation and work teams</li><li>- High job satisfaction</li><li>- Problem-solving attitude in disputes and differences</li><li>- Involvement in decision making</li><li>- Sense of pride in work.</li></ul> |

“Bruhn, J.G. (2001,p.39). *Trust and the health of organisations*”.

Recognition builds trust, teamwork and relationships that are positive and productive. It allows employees to experience a feeling of renewed commitment, ultimately contributing to an employee feeling valuable (Gostick & Elan, 2004). Recognition builds confidence that allows employees to try to reach the organisation’s goals and to keep on trying until they succeed (Gostick & Elan, 2004).

### **1.2.3.2 Inspirational motivation**

The emphasis in transformational leadership and employee motivational development first deals with motivation based on Maslow’s hierarchy of needs (Salvendy, 2001). Salvendy (2001) refers that self-actualisation as the highest level of need in realising of one’s potential to become what one has the capacity to become. Bass (1990) supports the view that transformation motivates employees to achieve the highest possible level of need satisfaction.

Building intrinsic motivation employers need to promote praise and recognition (Podmoroff, 2005). Podmoroff (2005) adds that the recognition message, what gets recognised in the workplace, the overall recognition culture, the degree of communication and the fairness of the recognition are all important aspects to be considered objectively in building the required motivation within the organisation.

Part of recognition and motivation is that employers need to focus more on granting increased autonomy and freedom and that this would be likely to enhance job satisfaction (Jex, 2002). Granting the autonomy and freedom, especially when employees are highly talented and motivated, can help employees reach their full potential (Jex, 2002). Highly motivated employees work more productively and if they feel engaged with their employer will make a greater contribution towards the overall direction and success of the enterprise.

Salvendy (2001) also stated that transformational leaders enhance employee capacities to think on their own, to become innovative and to question operating systems and rules, all to enhance personal growth, showing a sense of purpose and common norms between employee and employer. Part of motivating self-actualisation is that an employee's self-esteem needs to be promoted to the extent that the employee will view himself as valuable and worthy. Eitington (1997) refers to helping employees to feel competent and to feel secure and empowered.

Self-esteem is gained through achievement of goals, mastery, confidence and independence in which individuals or employees must be free to express themselves, to seek information and to be able to defend themselves (Malloch & Porter-O'Grady, 2009). Aamondt (2010) also stated that employees with a high self-esteem are more motivated as a result of management giving them recognition.

In order to meet self-actualisation needs at work employers need to allow autonomy, give employees freedom to be creative, treat mistakes as learning experiences, provide opportunities for more challenging work and support, promote personal and professional growth through ongoing learning and training opportunities (Bruce & Pepitone, 1999).

The role that management often needs to play is that of allowing employees to experience less embarrassment or to maintain their self-image that will result in increased perceptions of interactional fairness and more positive evaluations of management (Smitter & London, 2009). Smitter and London (2009) also found that when supervisors provided explanations for negative performance feedback, explaining the event as unavoidable or justifying it as helpful to the individual in the long run, employees reported reduced anger and less perceived unfairness. According to Barnes (1998) employees want to know that their employer cares about their opinions and concerns and want to be appreciated and recognised for good work.

### **1.2.3.3 Intellectual stimulation**

Intellectual stimulation is the degree to which the leader or manager challenges assumptions, takes risks and integrates employee's ideas into the institutional thinking (Hellriegel & Sloaun, 2009). The concept of empowerment suggests that employees at all levels within the organisation are responsible and accountable for their actions, and they should be given the responsibility and authority to exercise decisions about their work (Johns, Robinson & Weightman, 2005). Johns et al.(2005) also stated that empowerment implies the ability to communicate, to learn, to exercise initiative, to solve problems, to work independently or to be able to work in teams.

Empowering employees is considered an action of “mutual influence, it is creative distribution of power, it is shared responsibility, it is vital and energetic and it is inclusive, democratic and long lasting” (Murrell & Meredith, 2000, p. 1). Managers should promote the concept of empowerment as it gives employees authority and responsibility to make decisions about their work without a traditional managerial approach of approval and control (Boone & Kurtz, 2010). Empowerment seeks to tap the brainpower of all workers to find improved ways of doing their jobs and exercising their ideas which eventually motivates workers by adding challenges to their jobs and giving them a feeling of ownership (Boone & Kurtz, 2010).

It is however important to note that empowerment should develop in circumstances where employees understand their roles and the boundaries within which they operate (Lashley,

2001). These employees need a strong supportive, trust-based and participative culture in which supervisors acts as mentors (Lashley, 2001).

#### **1.2.3.4 Individualised consideration**

Individual consideration is considered as the degree to which the leader or managers of the organisation attend to employees' needs, who also act as mentors or coaches giving attention by listening to followers' or employees' concerns (Hellriegel & Sloaun, 2009). Transformational leaders are effective listeners who are sensitive to the emotional needs and concerns of their followers (Riggio & Orr, 2004). In particular transformational leaders provide special attention to each employee's needs for achievement and personal growth in which the employee will also be rewarded for enhancing creativity and innovation (Hellriegel & Sloaun, 2009).

Substantiating the importance of transformational leadership focus on employee creativity is critical for competitiveness and the very survival of any business organisation. "Employee creativity is positively related to job performance, that transformational leadership is a significant predictor of employee creativity and that relationships among creativity, job performance and transformational leadership are mediated by employee creativity self-efficacy" (Marshall, 2011, p. 37).

### **1.3 The labour relations perspective**

#### **1.3.1 Defining Labour relations**

The labour relationship, according to Swanepoel, Erasmus, van Wyk, and Schenk (2003), is defined as:

‘...being concerned with the relations (primarily collective but also to a lesser extent individual) between employer(s) (and/or manager(s) as the representatives of the employer) and workers (and/or their representatives such as trade unions) which develop from employment relationships and which are essentially concerned with balancing the

various interests of, and regulating the levels of cooperation and conflict between, the parties involved.’ (p. 616)

Within the labour relations context transformation describes the changes of the entire industrial relations structure, not only of some actions or regulations, but focussing on elements such as social relations, attitudes, norms, habits, all elements that influence the interactions within the labour relation’s system (Frege, 1999). Developing labour relation strategies and policies the aim is to achieve satisfactory employee relations taking particular care to recognise that employees are stakeholders in the organisation. The objective is to minimise conflict and to achieve commitment through employee involvement (Armstrong, 2003).

The phrase ‘employees are your best asset’ can only be true when the organisation’s leadership and management create an environment conducive to a motivated workforce (Haines & McKinlay, 2007). Management who endeavour to build and maintain an effective team must subscribe to an optimistic view of employees overall.

Employees want to feel good about themselves and they need to feel good about the organisation’s policies, rules, regulations and ethics (Pratt, 2010). If employers rely on their greatest asset or if their goal is to create a team considered to be the ‘greatest’, management need to create a team who feel that they are valued, appreciated, challenged and confident in the company (Lynn, 2007).

### **1.3.2 Industrial Sociology Theory – Symbolic Interactionism.**

The foundation of any effective labour relation system is based or is suppose to be based on an industrial sociology theory. Considering the inter-dependence between the two concepts ‘transformational leadership’ and ‘effective labour relations’, ultimately effective labour relations gets determined by action from management. In this regard the researcher aims to explain the importance of symbolic interactionism and why this theory adds value to effective labour relations through the application of transformational leadership qualities.

George Herbert Mead was born in South Hadley, Massachusetts, on February 27, 1863 and died in Chicago, Illinois on April 26, 1931. The last 38 years of his career he was a faculty member at the University of Chicago, Department of Philosophy. In that capacity he emerged as one of the most important founders of symbolic interactionism (Reynolds & Herman-Kinney, 2003).

Symbolic interactionism theory centres on the idea that human actions are based on the meanings people attribute to behaviour and these meanings emerge through social interaction. Symbolic interactionism has been especially important in developing an understanding of socialization; people learn identities and values through socialization (Anderson & Taylor, 2011).

Symbolic interaction focuses on everyday events in which people communicate, interpret and respond to each other's words and actions. Typically a symbolic interactionist "will ask and explore how to involve parties' experience, interpret the influence and respond to what they and others are doing while interacting" (Ferrante, 2011, p. 36).

When people experience or expect any harm or find themselves in a situation in which they feel threatened, these people need to actively decrease the amount of negative emotion experienced from the situation (Cameron & Spreitzer, 2011). Symbolic interactionists suggest that perspective taking is likely to generate pleasant feelings in others because it enables perspective takers to maintain emotionally positive interactions. When perspective takers generate positive feelings in others, those feelings may increase perceptions of the perspective taker's trustworthiness (Cameron & Spreitzer, 2011)

Sound or effective labour relations cannot exist if trust does not exist in the relationship. Labour relations is ultimately about regulating conflict and creating trust between the parties. Transformational leadership is about bringing out the best in an individual and this cannot occur if trust is absent. Conflict becomes instead more evident.

Thus, the application of transformational leadership qualities based on symbolic interactionism promotes the experiences of sound labour relations.



### **1.3.3 What do employees expect in terms of effective labour relations?**

Part of the labour relations philosophy is the expectation of employees to be treated fairly and ethically in return for providing their employer with a fair and reasonable amount of work (Erasmus, Swanepoel, van der Westhuizen, Schenk, & Wessels, 2005). Workplace ethics reflect established customs and morals and fundamental human relationships with a simple approach of differentiating good and right against bad or wrong (Lewis, Goodman, Fondt, & Michlitsch, 2007). Simply stated, right behaviour is considered ethical and wrong behaviour is considered as unethical behaviour.

Considering the principals of workplace ethics and focussing on the basic principles of a psychological contract, employers should undertake to create a climate of fairness such as taking deliberate actions that develop trust and by making firm commitments. (Erasmus et al., 2005). Employers should also act consistently at all times, honour confidentiality, show concern for fellow workers, deal fairly and professionally and demonstrate respect by motivating and giving recognition to others. (Erasmus et al., 2005).

Fairness and ethics are interdependent with the concept trust that can be defined as a term that includes, “confidence, integrity, ability, character, belief, reliance, dependence, faith, commitment, responsibility and care” (Biech, 2010). Over and above the fact that employees expect from their employers to treat them as individuals with dignity and substantive worth, they also expect in exchange for their talents that they be given meaning full work and receive job training (Bohlander & Snell, 2007).

Trust as a construct of labour relations can be viewed in a variety of different ways, as the outcome of transactions can be viewed as a mechanism that supports quality of interactions, or as the perception, evaluating or judging that filters individual and organisational thoughts (Anandarajan & Simmers, 2004).

Ensuring that employee performance meets high levels of expectation, management must understand the needs of employees. Management must “plug into their nature, affirm them, and help them meet their own needs “(Bruce & Pepitone, 1999). Barnes (1998) states that good employee relations means that you create an environment which delivers what

employees want, how they feel about themselves, who they are, what they do and where they work. She also adds that employees can hold very strong views on moral and ethical issues, are greatly concerned about their privacy and rights and subsequently want to feel appreciated and recognised for good performance.

In addition, Banfield and Kay (2008) stated that employees want to be valued and to be allowed to work in a safe working environment, to be allowed to grow and develop as employees, and lastly to be paid and rewarded fairly. Part of building effective labour relations it is the responsibility of management to ensure recognition for good performance, giving employees more responsibility and opportunity for growth (Daft & Marcic, 2009). Daft and Marcic (2009) also state that from a motivational perspective this satisfies employee's higher needs for achievement and self-actualisation.

When organisations increase the amount of control and discretion workers have on their own jobs, they are empowering employees and may improve the motivation of both employees and management (Lewis et al., 2007). Empowerment gives employees the tools, information and authority they need to do their jobs with greater autonomy (Lewis et al., 2007).

In order to promote sound labour relations through effective communication, manager's communication must be purposefully directed in that it should unite people around the organisation's shared vision and goals that directs attention to the values and behaviours that achieve such goals (Daft & Marcic, 2009). Communication is critical to building engagement and employees need consistent contact with the leadership team in order to build trust in their relationship.

There are implications for communication in dealing with conflict situations. It is important that the type of conflict be analysed, and an attempt should be made to create an atmosphere of trust and a striving to achieve a win - win situation. In order to do this leaders should encourage effective listening, acknowledge the values and interests of others, encourage a clear statement of the problem and strive to use language that is neutral rather than disparaging (Fielding, 2006). In dispute resolution managers who are not in control of their emotions can precipitate the situation where the real issues in the dispute do not get

addressed. Emotions can deflect the parties from their focus on the central issues of collective bargaining (Cohen, 2002).

#### **1.3.4 The importance of sound labour relations**

Labour relations focuses on preventative measures to avoid industrial disputes so as to develop a healthy work environment, to improve the quality of work and the life of workers, to increase employee performance, to provide constructive criticism of the management and to protect workers against harmful affects through the enactment of different legislations (Pattanayak, 2005).

Like all other relationships, the labour relationship will “be nurtured by mutuality of interest, reciprocity of support, understanding, trust, facilitative communication, shared goals and shared values, and that it could falter should one or more of these qualities be absent” (Bendix, 2001, p. 4).

Considering constructs such as trust, motivation and recognition, respect and dignity, fairness and consistency, effective communication, integrity, norms and values, as indicated by Bass (1990), it is argued that only transformational leadership becomes pertinent in order to meet new demands from employees as they occur, contributing to maintaining a balance in terms of the labour relationship.

#### **1.4 The interdependence between transformational leadership and sound labour relations**

Focussing on the inter-dependence between transformational leadership and labour relations, and considering constructs or attributes such as trust, honesty, reliability, integrity, fairness and consistency, transformational leadership adds value to effective labour relations in that it:

**Figure 5: Constructs: Trust, honesty, reliability, integrity, fairness and consistency**

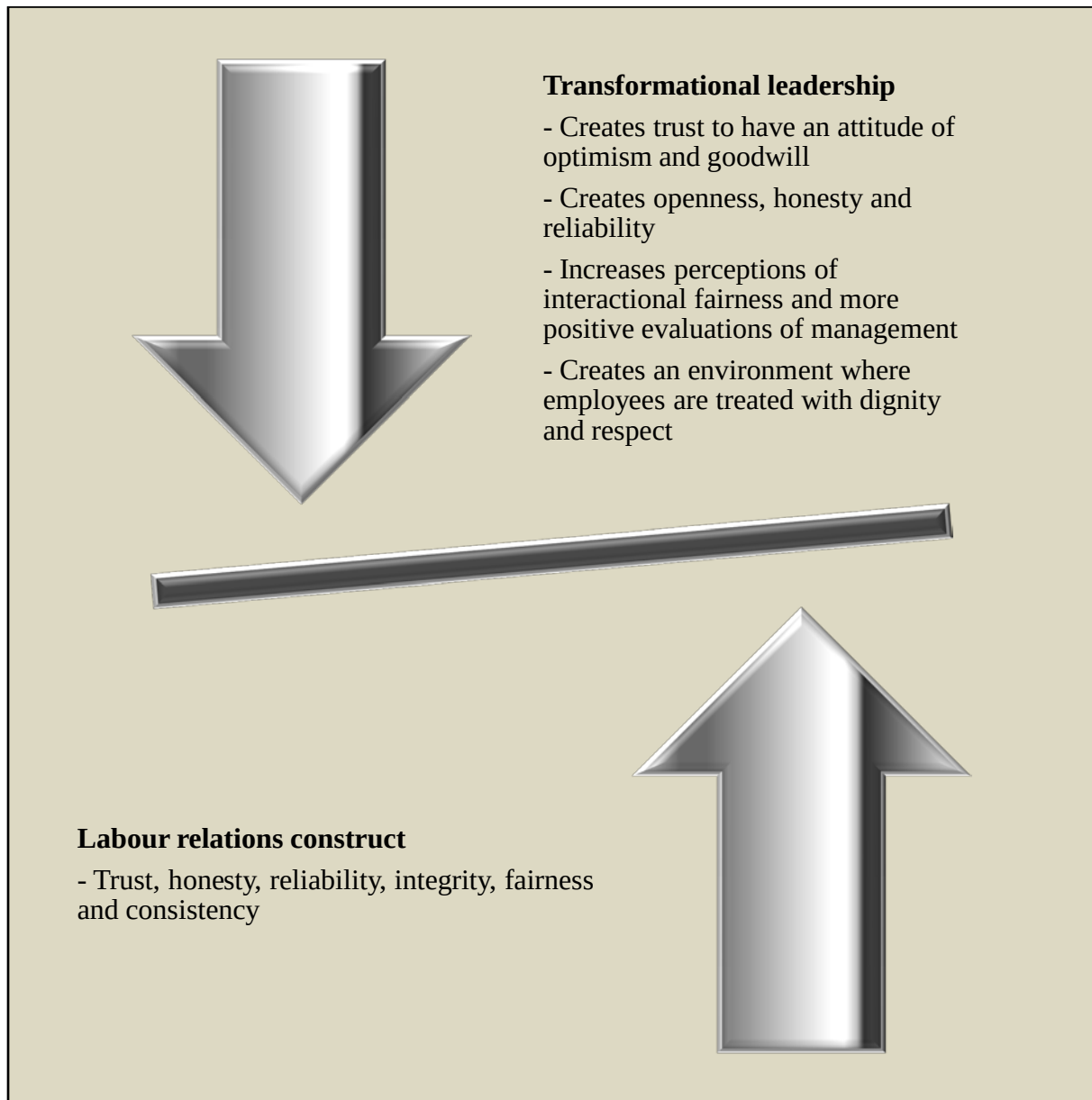


Figure compiled by researcher

Consider the constructs or attributes of motivation and recognition – imperative to ensure sound labour relations - , transformational leadership adds value in:

**Figure 6: Constructs: Motivation and recognition**

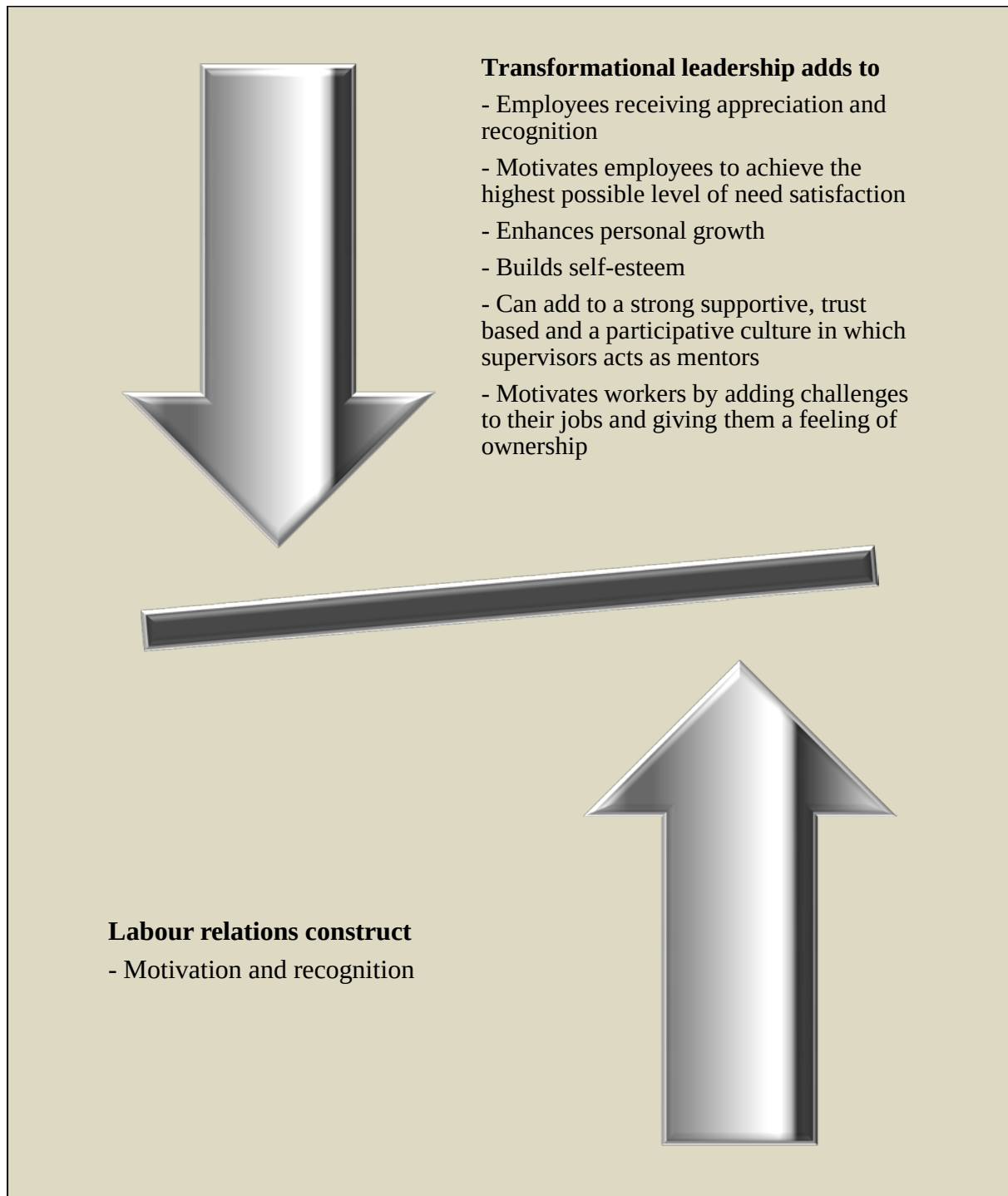


Figure compiled by researcher

Focussing on the last constructs or attributes highlighted as part of this study, contributing to conducive or effective labour relations, are those of competence, reliability, empowerment,

innovation, communication and participative management. Transformational leadership promotes these concepts as it:

**Figure7: Constructs: Competence, reliability, empowerment, innovation, communication and participative management**

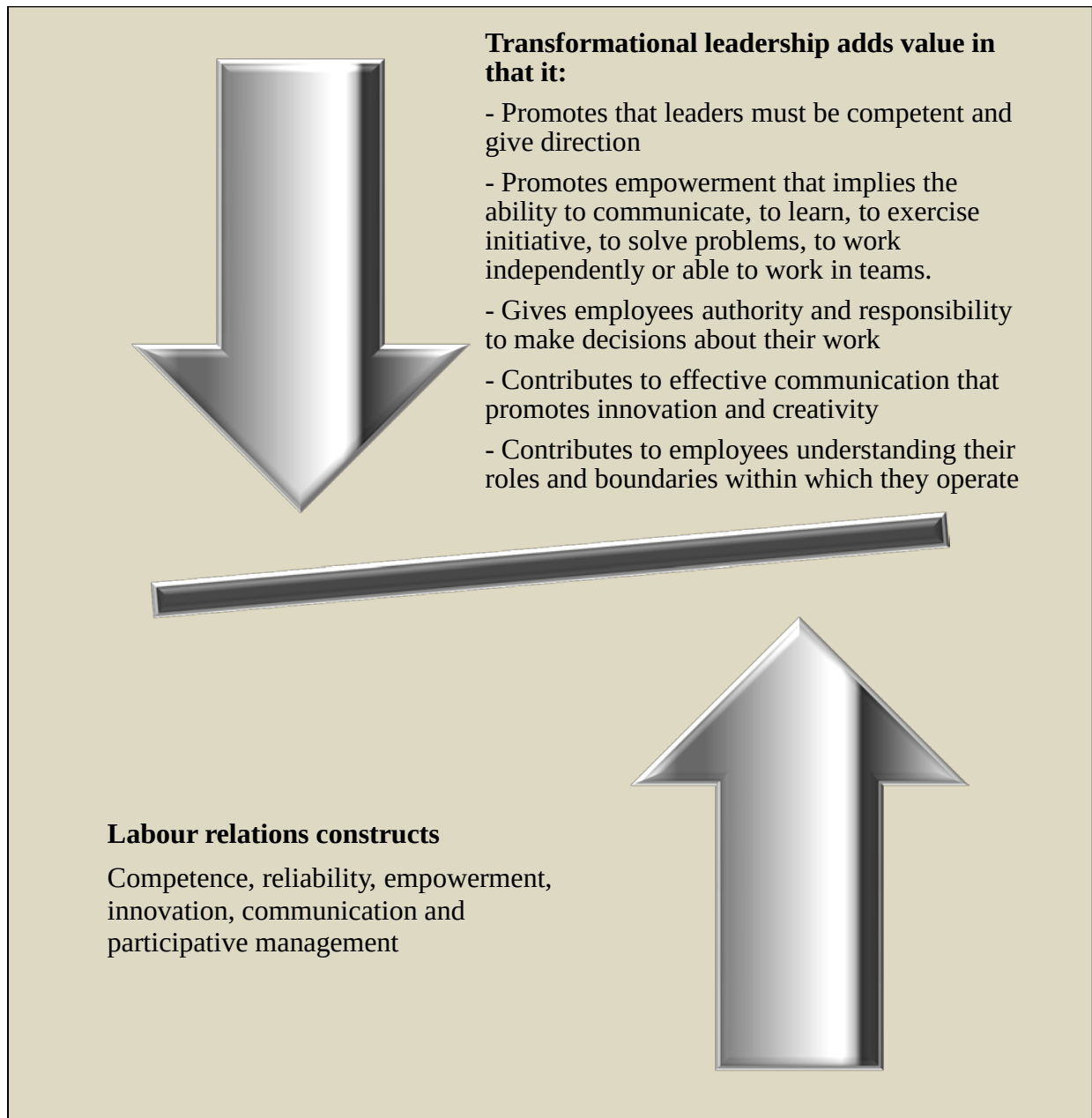


Figure compiled by researcher

In a simple way transformational leadership adds value to any organisation as transformational leadership focuses on developing mutual trust, fostering the leadership abilities of others, setting goals that go beyond the short-term needs. I also recognise that behavioural science provides an insight into understanding the complexity of human nature, and that it also provides concepts to develop managerial skills in solving problems within the organisation (Kumar, 1998).

The importance of transformational leadership does not lie so much in today's performance but it will impact on the creation of future leaders that will determine the future success or successes of organisations. A principal characteristic of transformational leadership is that the success of the leader is determined by how well the leader has developed followers into successful leaders (Loethen, 2007). Loethen (2007) also states that transformational leadership focuses on the importance of designed outcomes and ways of achieving them through encouraging development, changes in their missions and visions and more importantly the achievement of each follower's full potential.

## **1.5 Conclusion and summary**

In summary transformational leaders are increasingly critical to organisational success. Van Wart and Suino (2008) states that the transformational type of leaders are individuals out to create new approaches, imagine new areas to explore, relate to people in more intuitive and empathetic ways, seek opportunities, reward generously and lastly project ideas through images to excite or motivate employees (Van Wart & Suino, 2008).

Typical characteristics as evident from the literature add value to maintaining the balance in terms of the labour relationship are summarised in the following table:

**Figure 8: Transformational leadership adding value to effective labour relations**

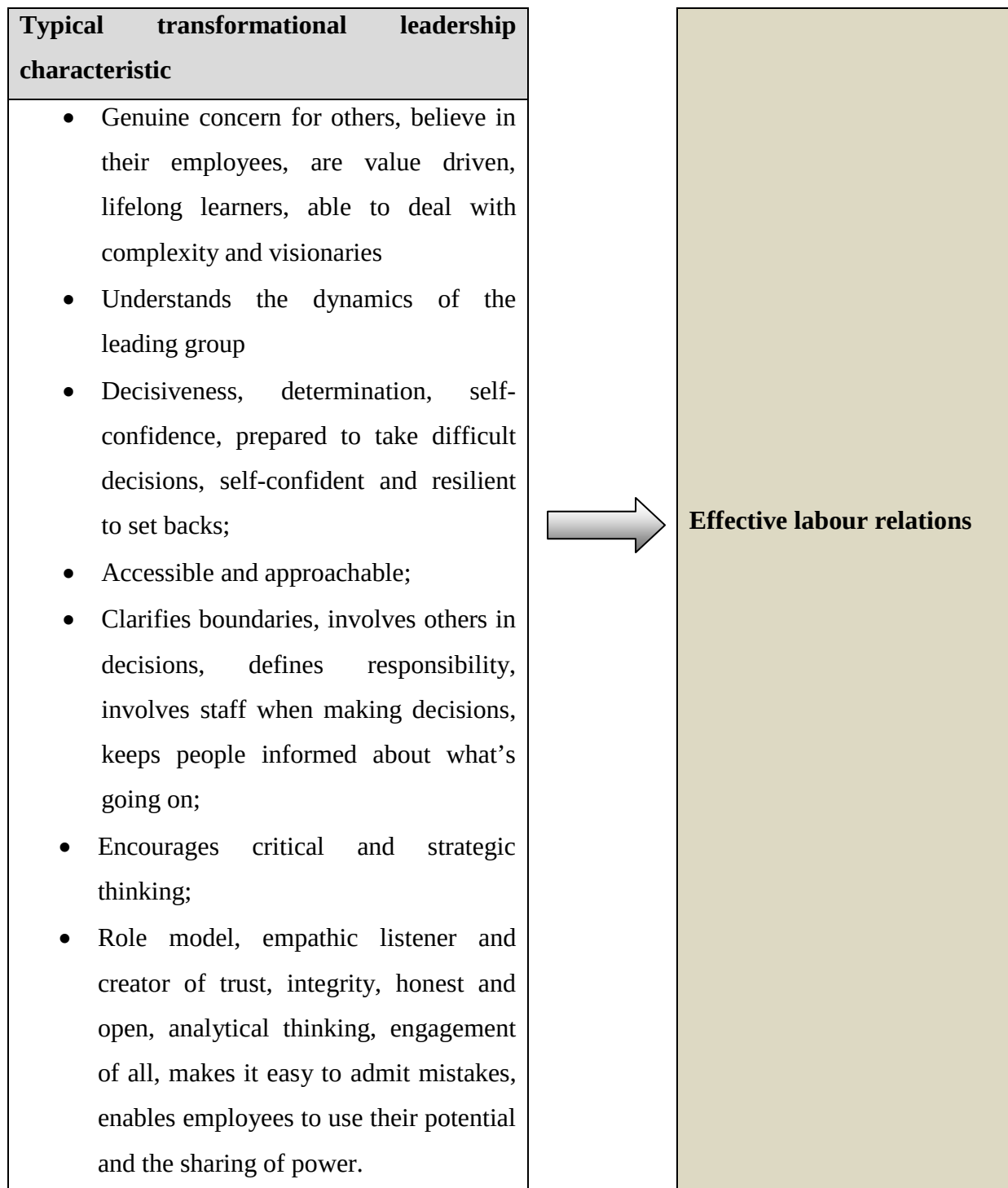


Figure compiled by researcher

The emphasis of labour relations is to create balance or to regulate conflict as was seen in the definition of labour relations. Transformational leadership and as can be seen in the model of



Alimo- Metcalfe and Alban- Metcalfe, can contribute to more sound and effective labour relations:

- Genuine concern for others – genuine interest in the employee as a individual and develops his/her strengths;
- Understands the dynamics of the leading group and able to work with these members to achieve results;
- Decisiveness, determination, self-confidence, prepared to take difficult decisions, self-confident and resilient to set backs;
- Integrity, trustworthy, honest and open, makes it easy to admit mistakes, delegates effectively and enables employees to use their potential;
- Accessible and approachable;
- Clarifies boundaries, involves others in decisions, defines responsibility, involves staff when making decisions, keeps people informed about what's going on; and
- Encourages critical and strategic thinking. (Hill & Stewart, 2007, pp. 289 – 290).

Concerning the inter-dependence between the two concepts, transformational leadership and labour relations, ultimately one cannot dispute that transformational characteristics enhance sound and effective labour relations. Over and above transformational leadership qualities, one should understand that a new generation of employees expect a different view on how to be managed. The individual and group demands of employees have shifted over the years and as was mentioned in this chapter and will be discussed in the next chapter– evolution of leadership-, shifted from trait and behavioural perspectives to situational approaches to now transformational behaviours and related outcomes (Kouzes & Posner, 2007).

The next chapter will specifically aim to focus on most common expectations from employees towards their managers with a focus on the expected position and role of managers towards creating sound and conducive labour relations.

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## **Chapter 3**

The experience of what the expected position and role of management should be in ensuring sound labour relations.



## **Keywords**

Transformational leadership, leadership, employee relationship, employee concerns, labour relations, management characteristics, organisational success

### **1. Background**

“The credibility of the manager influences how well he or she is able to enhance employee performance. How the manager is viewed by employees in the leadership role determines the impact on the performance behaviour of employees” (Adeniyi, 2007, p. 165.).

Employees perceive their managers in many ways, but more importantly the way in which employees perceive or experience their management directly impacts on their performance. Conflict in the workplace will always exist, but the effectiveness of the organisation, its success and prosperity is determined by how management handles the conflict, as consequences are detrimental and they hold severe cost implications (Collins & O’Rourke, 2009).

“If the manager is viewed as fair and genuinely interested in the welfare of each employee as an individual, he or she will facilitate employee motivation” (Adeniyi, 2007, p.165.), ultimately enhancing employee performance. The role of management in promoting or enhancing employee performance relates to creating sound and effective labour relations.

Labour relations is about creating the medium that balances conflict within the organisation (Swanepoel, Erasmus, van Wyk, and Schenk. 2003). The objective of this chapter is to focus on what employees will typically consider as constraints influencing the labour relationship, and what employees will expect from their management to ensure an effective labour relations climate.

#### **1.1 Objective**

The objective of this chapter was to determine how a group of expatriate South African citizens perceived or experienced labour relations in a foreign socialist country. Semi-

structured interviews that were held with the expatriate team, aimed to explore the identification of constructs that caused conflict or hampered effective labour relations. Also the aim was to determine a frequency on the constructs identified by the respondents, and to explore in greater detail why these constructs caused concern for the possible effect on sound and effective labour relations.

Secondly the aim was that the identified constructs or lack of effective application of these constructs, forthcoming out of the interviews, be benchmarked against constructs that enhance sound labour relations. As part of the recommendations and conclusion of this chapter it also aims to focus on a literature overview justifying constructs that support effective or sound labour relations. Should management apply the constructs in an effective manner, sound or more effective labour relations will obtain.

Lastly keeping the primary objective of the study in mind, brief reference to the importance of the application of transformational leadership qualities will be made. Why these qualities will enhance sound labour relations will be discussed. Finally a brief summary of the expected position and role of management will be presented.

## **1.2 Nature of the study**

The nature of this study was qualitative in nature and probability sampling was used. Qualitative approaches generally involve the exploring, describing and interpreting of personal and social experiences of participants (Smith, 2008). Smith (2008) also added that an attempt is usually made to understand a relatively small number of participants “frames of reference or views of the world rather than trying to test a preconceived hypothesis on a large sample” (p. 2).

## **1.3 Participants**

The study focused on a team of expatriates who worked as senior consultants in a foreign socialist country responsible for a sound business transformation process of a government institute to that of a private institute.

The study population consisted of 17 respondents (n = 14). First attention will be given to describing what these particular expatriate conditions entailed and why the study population was unique for the purpose of this study.

Expatriation conditions can be defined as the situation which involves the transfer of parent country nationals to a host country for work purposes and for a period of time that requires change of address and some degree of semi-permanent adjustment to local conditions (Hartl, 2003).

The study population, a medical expatriate team, consisted of medical experts from hospital directors, nursing heads of departments, senior support services managers' in the domains of finances, pharmacy, human resources, rehabilitation, patient administration, infection control, maintenance, kitchen, cleaning and laundry services. These senior consultants were operationally responsible for the sound transformation of a government hospital to a private hospital. The total staff compliment of the hospital was estimated to be 1300 employees.

At the time of the study the senior consultants were responsible for the transformation process. It is important to note that the senior consultants were operationally responsible for a process that was underpinned by a consultant approach. This made the task unique in that the operational responsibility was lacking because the group had no powers of execution. The group could only advise on the way forward.

What makes the situation unique is that these employees were recruited from an environment that was familiar with the world of labour relations. These employees rightfully were managers in an environment bound by relevant legislation guiding fair and sound medical and labour relation practises. The labour relations climate that they were thrust into was not conducive to sound labour relations and the study attempts to explore how these consultants experienced or perceived labour relations in this foreign environment.

Because of unforeseen circumstances in which the client informed the company that the contract will be terminated earlier than expected and because of un-availability issues, only 82.3% (14/17) of the total consulting population were interviewed. The company was informed that the last effective date of the contract was to be 31 December 2010.

Race, gender and age were not taken into consideration as the researcher believed these components were not part of the objective of the study.

#### **1.4 Method**

For the purpose of this study the executive committee will be referred to as management and the senior consultants as the respondents (employees). During this study semi-structured interviews were held open-ended and face to face with a focus on a saturation point. Interviews were held in a confidential manner and no participant was victimised or any information used to the disadvantage of any employee. Participants were given an explanation of the purpose of the study and also given the opportunity to ask any questions for clarity purposes. Participants were also briefed that participating in the process was voluntary and that no one could be forced to participate.

The same interview questionnaire was used for all participants to ensure consistency, fairness and objectivity. Open-ended questions were asked during the interviews and typical questions that were asked were to establish for example, the effectiveness of communication, how they perceived the working relationship between themselves and management, what they considered as constructs that negatively impacted on labour relations. In some cases employees were asked to elaborate on their answers so as to ascertain exact causes or concerns. The questionnaire was designed specifically to determine or identify concerns or constructs responsible for ineffective labour relations.

During the interview process the researcher made use of audiotape recordings with the permission of the respondents and notes were made on the actual interview guide. Original recordings, interview guides and transcripts are filed for any possible future reference. One of the participants opted to partake in the study but under the condition that no audio recording should take place, but only comprehensive notes be kept on file. In this regard in terms of fairness the request was honoured by the interviewer.

## **1.5 Outcome of the empirical study**

A content analysis was undertaken and this enabled a coding process to be set in place for the analysis of the data. Pre-determined questions of interest already existed, since the researcher made use of a semi-structured interview process. This enabled the coding of the data that was labelled and grouped. Constructs were identified which added to the sorting of descriptive data.

Based on the interviews conducted, constructs that were identified as *ineffective* were communication, motivation, recognition, participative management, empowerment, fairness, consistency, dignity, respect, ethics, values and clear objectives. Highlighting the importance of the constructs identified, a literature overview will follow the discussion of the empirical study, explaining the importance of the constructs as valuable aids towards sound labour relations. The following is an explanation of the results of the interviews that were conducted.

### **1.5.1 Ineffective communication between management and employees.**

Following the analysing of the interview data respondents made it clear that communication within the organisation was not effective. The table highlights the views of the respondents and to highlight specific examples some respondents remarked that “Communication simply does not exist, what is communication, mushroom effect, left in the dark, they talk to us as if we are children, a set of rules for management and a set of rules for the employees, one exco member will say this and the other will say that”.

From the interview data the researcher drew up the following table:

**Table 1: Communication**

| <b>Communication (n = 14)<br/>(Concerns raised by study population)</b>                             | <b>Response % of<br/>each theme</b> |
|-----------------------------------------------------------------------------------------------------|-------------------------------------|
| Employees claimed that they did not always receive feedback from management                         | <b>71.4</b>                         |
| Communication was normally one-sided from management                                                | <b>78.6</b>                         |
| Communication was limited and there was not much opportunity for topic discussion.                  | <b>100</b>                          |
| Inconsistency existed in messages                                                                   | <b>35.7</b>                         |
| Lack of communication was destructive                                                               | <b>35.7</b>                         |
| Ineffective communication caused expected roles often to be unclear                                 | <b>57.1</b>                         |
| The management's way of communicating was perceived by employees as being negative and destructive. | <b>42.8</b>                         |

### **1.5.2 Lack of motivation and recognition from management.**

As per the table a significant number of respondents indicated that they did not receive any form of motivation or recognition. Respondents made it very clear that management will not praise good performance and typical comments in this regard were, "Motivation simply does not exist, we don't even get a thank you".

From the interview data the researcher drew up the following table:

**Table 2: Motivation and recognition**

| <b>Motivation and recognition (n = 14)</b>                                          | <b>Response % of each theme</b> |
|-------------------------------------------------------------------------------------|---------------------------------|
| Indicated that they did not receive any form of reward or recognition in any manner | <b>78.5</b>                     |
| Simply stated “does not exist”                                                      | <b>28.6</b>                     |

### **1.5.3 Lack of participative management and empowerment from management.**

Because of a lack of effective communication the respondents indicated that they did not often have the opportunity to participate in crucial project objectives. They claimed that more often than not they would table ideas and suggestions but that most of the time the ideas and suggestions were not acknowledged whilst a few participants indicated that ideas that they tabled were blatantly sold as management’s ideas. The participants also indicated that management purely focussed on client care and did not concern themselves with possible risks, thus jeopardising their own credibility. The result was that management in some cases were perceived as incompetent and unable to make correct decisions. In this regard typical comments were, “not taking the risks into account, simply do what is expected from you, do what we tell you to do or you will go home, we need new management, we need competent managers”.

From the interview data the researcher drew up the following table:

**Table 3: Participative management and empowerment**

| <b>Participative management and empowerment (n = 14)</b>                                                    | <b>Response % of each theme</b> |
|-------------------------------------------------------------------------------------------------------------|---------------------------------|
| Execution of their ideas or suggestions often fell short in terms of final consideration and implementation | <b>64.2</b>                     |
| Management did not take consequences into consideration                                                     | <b>64.2</b>                     |
| Risks identified and raised not taken into consideration but preferred to execute clients' wish             | <b>64.2</b>                     |
| Effective proposals that they tabled, were sold as managements' ideas and initiatives                       | <b>35.7</b>                     |
| Decisions were taken unilateral by management with an attitude of 'do what you are told'                    | <b>78.6</b>                     |
| Organisational structure not correct                                                                        | <b>14.3</b>                     |
| Perceived management to be incompetent, poor decision-making                                                | <b>50</b>                       |
| Management focussing on micro management                                                                    | <b>14.3</b>                     |

#### **1.5.4 Lack of fairness and consistency from management.**

The majority respondents indicated that no fairness and consistency existed. Respondents indicated that blatant unfairness existed and even highlighted examples such as favouritism, corruption, conditions of employment that were changed unilateral, no collective bargaining, no trust.



From the interview data the researcher drew up the following table:

**Table 4: Fairness and consistency**

| <b>Fairness and consistency (n = 14)</b>  | <b>Response % of each theme</b> |
|-------------------------------------------|---------------------------------|
| Fairness and consistency does not exist   | <b>85.7</b>                     |
| Terms and conditions changed unilateral   | <b>14.3</b>                     |
| Inconsistent application of company rules | <b>64.2</b>                     |
| Employees don't trust management          | <b>100</b>                      |

#### **1.5.5 Lack of dignity, ethics, respect and values from management.**

Employees made it very clear that they were not treated with dignity or respect. They indicated that the management team intimidated them and threatened them by telling them if they don't do what is expected from them they will be send home. They also indicated that they could not trust management for various reasons and that they were not considered as valuable.

They claimed that the typical leadership style they experienced was autocratic and no room existed for respect and dignity. From the results of the interview the researcher drew up the following table:

**Table 5: Dignity, respect, ethics and values**

| <b>Dignity, respect, ethics and values (n = 14)</b>                                                     | <b>Response % of each theme</b> |
|---------------------------------------------------------------------------------------------------------|---------------------------------|
| Employees are not treated with any dignity or respect                                                   | <b>85.7</b>                     |
| Employees experienced an autocratic leadership style and actions from management that were inconsistent | <b>71.4</b>                     |
| Feel intimidated and frustrated                                                                         | <b>57.1</b>                     |
| Don't get constructive assistance to deal with the problem, sometimes don't get assistance at all       | <b>64.2</b>                     |
| A feeling of being incompetent and not valued.                                                          | <b>71.4</b>                     |
| Leadership does not possess any ethical traits                                                          | <b>14.3</b>                     |
| Employees will not show any initiative or walk the extra mile                                           | <b>50</b>                       |

#### **1.5.6 No clear objectives**

Employees indicated that their expected roles consistently changed and that they were kept accountable for certain tasks out of their scope of practice. They claimed that roles were changed unilaterally and if they did not want to comply they could go home. No collective bargaining was considered and the situation often led to confusion and sometimes direct or indirect conflict.

Typical examples that were tabled included, “unclear as to what is expected from me, don’t know what they want, management don’t know what they want, how can they keep me responsible?” From these results the researcher drew up the following table:

**Table 6: Clear objectives**

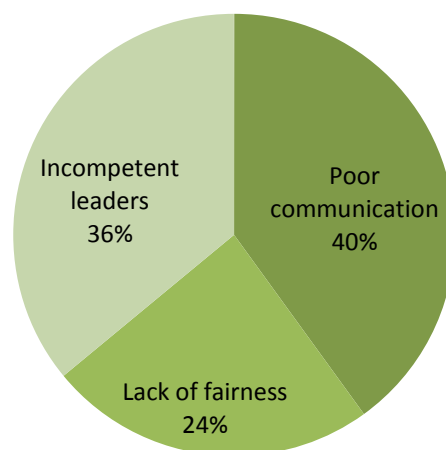
| <b>Clear objectives (n = 14)</b>                                                                                 | <b>Response % of each theme</b> |
|------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Employees received unclear information as to exactly what is expected from them.                                 | <b>100</b>                      |
| Expectations as previously agreed upon have now changed                                                          | <b>35.7</b>                     |
| No collective bargaining and new rules concerning job expectations are simply communicated without consultation. | <b>21.4</b>                     |
| Unclear objectives led to unnecessary confusion and sometimes conflict                                           | <b>71.4</b>                     |

### 1.5.7 Three major causes of ineffective labour relations

**Table 7: Major causes of ineffective labour relations**

| Summary major causes of ineffective labour relations    | Response % of each theme |
|---------------------------------------------------------|--------------------------|
| Poor communication                                      | 71.4                     |
| Lack of fairness                                        | 42.8                     |
| Incompetent leaders                                     | 64.2                     |
| Poor interpersonal relationship with employees          | 7.1                      |
| No trust                                                | 28.6                     |
| No ethics                                               | 7.1                      |
| Leaders with no charisma vs. leaders you want to follow | 7.1                      |
| Negativity                                              | 7.1                      |
| Poor salaries                                           | 7.1                      |
| Organisational structure                                | 7.1                      |
| Unclear objectives                                      | 14.3                     |
| Inconsistency                                           | 14.3                     |
| No recognition                                          | 14.3                     |
| No honesty                                              | 7.1                      |

**Figure 1: Top three causes of ineffective labour relations**



## 1.6 Summary of interview feedback

- Poor communication causes employees to be unsure about their expected roles.
- The way in which management communicates with employees is very important, because destructive communication leads to conflict, hampers credibility, makes employees communicate as little as possible to avoid confrontation, and this jeopardises the company's financial status.
- Poor communication leads to employees losing faith in management and a feeling of distrust towards management is engendered.
- Poor communication causes poor work performance.
- Poor communication causes office gossip and subjective assumptions and perceptions.
- Leads to employees disbelieving management, and questioning their competencies.
- Employees will experience a feeling of *not being valued or appreciated*
- If there is no motivation the situation will *hamper credibility, and this adds to distrust and poor work performance*.
- Because there is no form of motivation, employees will *not show any initiative or become innovative* in order to assist or promote the company.
- Once employees feel that they are not being valued or appreciated, as seen in the literature, the company is often faced with a *high level of labour turnover*.
- Unfairness and inconsistency can lead employees to conclude that management simply *don't know what they are doing*, with a consequence of potential conflict.
- Because of inconsistencies, the employer opens himself to possible *formal disputes*.
- Inconsistencies and unfairness will lead to a negative workforce that believes they *cannot rely on management, nor can they trust management*.
- Changing conditions or breaching agreements unilaterally *adds to employee frustration*, and this supports the view that management is *unfair or unreliable*. Both constructs seriously hamper management's credibility and ultimately the labour relationship.
- Because of unilateral decision-making from management, employees will simply do what is expected of them and nothing more.

- Not receiving supportive or participative assistance causes ineffective communication and leads to a lack of credibility and often to the perception that management is incompetent.
- Because there is no dignity or respect, employees will *not show any initiative or become innovative* in order to assist or promote the company.
- Not showing dignity or respect directly *contributes to conflict*.
- Unclear or undefined roles lead to *inefficiencies* with subsequent conflict at some stage becoming inevitable.
- Because there are no specific clear objectives it leads to a *lack of accountability and ownership*.

The saturation point in this study showed that descriptive data holistically supported the core inefficiencies of constructs responsible for effective labour relations.

Based on the above identified themes, the literature explains communication, motivation, recognition, participative management, empowerment, fairness, consistency, dignity, respect, ethics, values and clear objectives as part of effective labour relations as follows:

### **1.6.1 Communication**

Typical responsibilities of management in terms of effective communication will include that regular meetings be conducted with all staff, employees are briefed on key issues in language free of technical jargon, and to communicate honestly and as fully as possible on all issues which affect employees (Oakland & Marosszeky, 2006). These authors also state that employees should be encouraged to discuss company issues and to give upward feedback to ensure that issues from team members are fed to senior management and that timely responses are given (Oakland & Marosszeky, 2006) A good communicator ensures approachability and by being honest this adds to building trust (Driver & Nicol, 2003).

Trust forms an integral part of any organisation and can be viewed as the sharing of information, ideas and skills that require team members rather to cooperate instead of compete, judge or blame (Blanchard, 2010). By sharing key important information within the company such as market shares, true costs, potential layoffs and real company performance,

management will start creating an environment where employees will gradually start to trust their management, but more importantly that employees will start to realise that management starts to believe in them (Blanchard, 2010).

Resolving concerns through effective interaction builds trust in the leadership team. Putting challenges on the table, gives employees the opportunity to influence the change process and allows people to refocus their energy on the changes needed (Schneider, 2003). In this regard management must accept responsibility and accountability for determining exactly what needs to happen to make things better.

Management should never miss an opportunity to share their vision of the future with their employees, because if employees do not know the vision, they will not know what the vision is all about or what is expected from them (Schneider, 2003). This author also stated that management should determine exact reasons for employees leaving their employ in order to be proactive in instituting preventative measures. The objective should be to build strong relationships with employees, in other words to know them, to know what their goals and aspirations are.

Approachability, an important characteristic of leadership, can be defined as the situation that obtains when subordinates feel comfortable, even urged to approach and specifically to communicate with leaders (Franklin & Layden, 2007). Management must find ways and means of showing employees that they are approachable. Management must identify norms and practises that are barriers to discussing sensitive topics, encouraging high frequency interaction with an expectation of collaborative problem-solving (Gottschalk, 2005).

The idealised concept of transformational leadership becomes a reality when effective communication exists within the organisation and employees perceive that leaders are displaying high standards of moral and ethical conduct, and creating openness, honesty and reliability (Anandarajan & Simmers, 2004, Northouse, 2009, Rahim, Golembieski & Mackenzie, 2002).

### **1.6.2 Motivation and recognition**

Management's role towards motivating and giving recognition to employees is just as important as developing goals, objectives and action plans for staff as it is management's primary responsibility to maintain a positive work environment, to build team spirit and to motivate staff to continue to challenge and improve their performance (Marrelli & Hillard, 2004).

For the purposes of this study intrinsic motivation becomes more pertinent and based on Herzberg's motivation theory, it takes place when people feel that the work they do is intrinsically interesting, challenging, important, involves responsibility, autonomy and freedom, and creates possibilities and opportunities for advancement (Armstrong, 2003). Inspirational motivation on the other hand, encourages employees to reach the highest possible level of need satisfaction, to build self-esteem and to feel valuable and worthy to the company (Bass, 1990, Belmond, 2002, Malloch & Porter-O'Grady, 2009).

Self-esteem is gained through achievement of goals, mastery, confidence and independence in which individuals or employees must be free to express themselves, to seek information and to be able to defend themselves (Malloch & Porter-O'Grady, 2009). High employee self-esteem describes the way an employee knows himself thoroughly (Tarafder, 2006). These employees are normally characterised as having a strong sense of responsibility, are ambitious and motivated, have confidence, a positive attitude, have sensitivity, are disciplined, and have a good sense of understanding (Tarafder, 2006).

Considering Maslow's hierarchy of needs, level 4 is about employees or individuals' need for self-esteem or self-respect with a need to be recognised by others. In this case when work is challenging and rewarding, employees will feel good about themselves, and as a result will keep on trying to meet their need for self-esteem as long as the process of praise and recognition continues (Ryan, 2010). Self-actualisation is to aid employees in achieving their full potential by providing greater decision-making responsibility and complex work as the employee becomes more capable of handling such tasks (Ryan, 2010).



Another important construct or function of management is to consider the establishment of working teams. The advantage will be that employees working together are generally more successful at solving problems. Being part of a group helps people feel energised, often teams can make constructive use of differences in expertise and this gives employees a sense of belonging and security (Bruce & Pepitone, 1999).

Although some motivational theories dismiss benefits as unimportant in motivating employees, research suggests that they influence employee attraction and attention, and indirectly influence performance (Dyck & Neubert, 2010). Despite these potential advantages of benefits, most organisations rely heavily on pay or incentive compensation to motivate performance.

To build credibility with subordinates managers must realise that they should not respond defensively to challenges or criticism, but instead should realise that having a subordinate disagree with them about something does not necessarily mean challenging the authority of the manager (Hill, 2003). One should rather understand that a subordinate might legitimately have a different point of view on an issue, and was simply trying to express an opinion that could possibly add value to the organisation (Hill, 2003).

The following are some attributes managers can consider to promote motivation to improve employee performance that will also contribute to sound labour relations:

- Mentoring: Help employees develop the skills and attitudes they need to succeed
- Behaviour modelling: managers must ensure that they have a positive outlook and self-image that can have a significant effect on oneself and the people they come into contact with
- Setting achievable goals; Set realistic achievable goals and work toward accomplishing them and when they have been accomplished celebrate the achievement of those goals
- Compliments: “Thank you, well done, great job”, etc. becomes imperative in building trust and credibility with subordinates (Lauby, 2005).

Recognition is a public acknowledgement that inspires employees to perform better and to find innovative solutions to their daily challenges at work (Gupta, 2007). Management must therefore promote innovation and creativity and must be seen as a leader who must be able to identify, encourage and develop creativity among their subordinates, and ensure that they are rewarded suitably (Nair, 2002). A true leader does not considering himself as having superior wisdom compared to his subordinates, and should not believe that wisdom accompanies the title he or she possesses within the organisation (Nair, 2002).

An organisation in which an employee is confident that his efforts will be recognised and rewarded and also believes in the fairness and equity of his supervisors, is an organisation characterised by:

- An informal and flexible organisational structure;
- Open-mindedness and non-conservatism;
- Adequate two-way communication;
- More younger people in the organisation;
- Informal relationships with each other; and
- Promotes unconventional means and methods of achieving results (Nair, 2002, pp. 365- 366).

Inspirational motivation, as has been pointed out, can lead to motivating employees as it can cause them to achieve the highest possible level of need satisfaction. It can promote personal growth, build employee self-esteem, and employees will feel valued and generally more positive in their evaluation of management (Bass, 1990, Malloch & Porter-O'Grady, 2009, Salvendy, 2001, Smither & London, 2009).

### **1.6.3 Participative management and empowerment**

Participative management encourages the sharing process between management and employees, allowing free flow of ideas, encouraging cooperation and promoting shared responsibilities (Jain, 2010). According to Jain (2010) the advantages of participative management are increased productivity, improved quality, reduced cost, it promotes mental and emotional involvement of group members in achieving group goals, encourages sharing

of responsibilities and employees will feel more involved leading to high employee self-esteem.

The advantages of participative management are that a number of people contribute to the decision-making process, the leadership of the organisation consistently receives useful ideas, suggestions and feedback from the employees, a positive relationship between the leader and the followers develops as subordinates feel that they are trusted and consulted (Murugan, 2004). Such organisations are characterised by high levels of job satisfaction, leading to motivation and to an increase in employee morale. It improves the attitudes of employees towards the organisation and sometimes leads to leaders being created within the organisation (Murugan, 2004).

Another important function of management with regards to promoting participative management and innovation is to ensure proper training initiatives which are concerned with adding to the knowledge and skills of employees so as to enable them to perform specific functions effectively (Jain, Khanna, Grover & Single, 2006). Training plays a central role in nurturing and strengthening the competencies of a firm and in this way has become part of the backbone of strategic management (Bohlander & Snell, 2007).

According to Prather (2010) if top leaders only delegate training initiatives to the training department and don't play an active part in the training itself, one can expect that employees will not take the training seriously. Promoting training initiatives can include improved employee workplace performance and productivity, shorter learning time which could lead to less costly training and employees being on line more quickly, decrease in wastage, fewer incidents, less absenteeism, lower labour turnover and greater customer or client satisfaction (Buckley & Caple, 2007).

Transformational leaders develop significant relationships with their followers and thus have a chance to be seen as coaches and to provide practical on the job training (Salvendy, 2001). These leaders as mentioned before, are also intellectually stimulating their followers and can constantly challenge employees and develop themselves, while personal development involves individualised consideration that mainly consists of mentoring employees (Salvendy, 2001).

#### **1.6.4 Fairness and consistency**

Part of management duties and responsibilities and as part of the concept fairness, management must ensure that all company rules are readily available and that all employees understand the rules as communicated (Leat, 2001). Relating to the primary function of ensuring that employees are aware of the rules, the application or execution of discipline if required should happen in a fair and consistent manner (Goyal, 2005). Employees are extremely sensitive towards managers that display favouritism and subjectivity and therefore management should at all cost avoid biasness, assumptions and unwarranted beliefs when working with people (Saxena, 2009).

The only way in which one will promote effective labour relations is through fairness and consistency. This can be achieved by focusing on what the current expectations would be from a modern workforce and how management should function to ensure the achievement of such objectives.

- Leaders must make sure that all employees know what is expected from them and what things the employees can expect from the company;
- Must oversee a culture that treats people with respect and care;
- Must provide resources and be a resource themselves;
- Must behave in a way that builds trust, confidence, understanding and a visceral relationship between employees and the company;
- Must visibly model ethical behaviour and demand it from their employees;
- Must operate the company and pursue success in a transparent fashion (Russo, 2010, p. 180).

The above constructs amongst others play an integral part in the ensuring of sound and conducive labour relations. As previously mentioned employers should look beyond the fact that employees are their greatest asset (Hesselbein & Goldsmith, 2009) A more diverse transformational behaviour approach is required to ensure effective employee management.

In terms of transformational leadership, attention will be given to the concepts idealised influence and individualised consideration as appropriate constructs in recommendations.

### **1.6.5 Dignity, respect, ethics and values**

Very much the same as the concept of fairness and consistency and as viewed in the literature, the concept of idealised influence is made manifest when a leader displays respect, dignity and fairness. Considering dignity and respect, transformational leaders display integrity, associated with being honest, incorruptible, fair and consistent (Hakala, 2008, Northouse, 2009).

Not focussing on the importance of employees by showing them disrespect and hampering their credibility will have severe consequences as mentioned in the findings. Applying the characteristics of idealised influence will promote management's credibility. A basic gesture from management showing care for their employees, will contribute to more effective productive communication, that will open avenues at least for discussing events or situations through a process of collective bargaining. Employees will perceive that they can trust management to discuss any related concerns, making them feel valued and appreciated. More commonly it is believed that once employees feel valued and appreciated, their concept or experiences about values and ethics will be more positively outcome based.

### **1.6.6 Clear objectives**

As depicted in the literature effective communication is an important facet of employee management with a primary objective on communicating the goals, vision and strategies of the organisation (Oakland & Marosszeky, 2006).

Interdependence exists between effective communication and clear objectives as employees need to understand exactly and in the finest detail what is expected from them. Management must ensure effective communication of objectives and role expectations to prevent consequences as were highlighted in the findings. Setting specific clear and defined objectives will avoid confusion and ultimately conflict. In doing so, management will be able constantly to evaluate performance in a fair and objective manner and this builds credibility.

Building credibility can lead to workers finding improved ways of doing their jobs and this eventually motivates the workers by adding challenges to their jobs and by giving them a feeling of ownership (Boone & Kurtz, 2010).

## **1.7 Conclusion and recommendations**

Today employers are dealing with a workforce that expects more of their employers in that they consider themselves valuable, worthy and to be appreciated. Employees want to be treated as human beings. Management cannot afford to have a negative, autocratic attitude towards employees, as they will simply not accept this kind of conduct from management, and will retaliate in different ways. If management don't take care of their greatest asset, they will inevitably experience great problems that will hamper the success of any organisation.

It is evident that labour relations form an integral part of organisational success. Out of the study constructs were identified that not only form the corner stone of sound labour relations, but should any form of malpractice concerning these constructs exist, we have seen that extreme consequences becomes inevitable. Because of modern expectations and the fact that people dynamics that have changed, greater emphasis should be placed on labour relations. A labour relation predominantly refers to those aspects related to conflict, cooperation, involvement and communication in the relationship between managers and non-management employees (Erasmus et al., 2008). As was seen in the study cooperation between different stakeholders, their involvement through participative management, effective communication, are all contributors in building or regulating the conflict or potential conflict between management and employees.

Against the background of labour relations transformational leadership is becoming more pertinent as it can be described as four leadership behaviours, idealised influence, inspirational motivation, intellectual stimulation and individualised consideration that have been shown to influence follower's values, needs, awareness and performance (Beauchamp & Eys, 2008).

Transformational leadership describes a form of leadership that results in empowering group members to transform organisations and societies. Transformational leaders characteristically

nurture personal and group improvement, share inspiring visions of the future, and foster commitment and motivation towards important goals (Wilson & Simson, 2006). It also creates an upward spiral of enthusiasm, motivation and accomplishment (Wilson & Simson, 2006).

Idealised influence comes from leaders who have strong convictions, take stands on difficult issues, focus on vision and purpose, and are ethically committed to their work (Lindsey, Robins & Terrell, 2009). Idealised influence encompasses the empowerment of associates by developing autonomy, achievement and high levels of performance and it is normally characterised by followers having trust and confidence in the leader (Parry & Meindl, 2002).

“Inspirational motivation holds the idea of ordinary people achieving extraordinary things through the influence of the leaders. This kind of leader reduces complexity, doubt, cynicism and ambiguity by cutting through the essential elements and these are expressed in simple, readily understandable language” (Storey, 2004, p. 28).

Intellectual stimulation describes the transformational leaders creative and out of the box thinking and it is normally found when leaders encourage followers to approach old and familiar problems in new ways (Lussier & Achua, 2010). Employees will normally be allowed to question the status quo, will be inspired to re-formulate problems in order to solve them more effectively and are encouraged to use their imaginations, intellectual curiosity and to pursue novel approaches (Davila, Epstein & Shelton, 2007). Leaders who score highly on the individualised consideration – the fourth dimension of transformational leadership – treat their employees as individuals with unique abilities, needs and aspirations (Davila, Epstein & Shelton, 2007).

Pertinent constructs identified in this study, also supported by literature, interlink with transformational leadership or associated characteristics of transformational leadership. The application of transformational leadership as defined by Bernard Bass, thus becomes the approach in building sound relationships. In the application of transformational qualities management not only creates the balance as required in terms of labour relations, but enhances and promotes employee importance, with a greater chance of promoting organisational prosperity and stability. One can only but agree that if management applies

transformational leadership qualities based on this study, they do have an opportunity to re-instate a balance between themselves and the employees.



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## **Chapter 4**

Summary, conclusion and recommendations

## **1. Summary**

Ineffective management of employees can escalate into a situation where employees are not performing to their full potential. Responsibility for this underperformance is almost inevitably laid at the door of the leadership. Fournies (2007, p. 113) states that if the question should be asked why employees do not do what they are suppose to do, the answer would probably be due to poor management. Typically employees will not trust their management, will not become innovative, and don't believe that management supports them, or that they will take care of their concerns.

As was previously asserted in this study organisational success obviously depends on human capital, as it is the quality of the work that these employees perform that makes a major difference to the performance and competitiveness of the organisation (Swanepoel, Erasmus, van Wyk, & Schenk, 2003). In order to ensure organisational success, the employee-employer relationship remains imperative as failure to maintain a balance of mutual interest will obviously cause serious problems. (Swanepoel et al., 2003).

Many leadership theories as indicated in this study exist, but the study focussed on transformational leadership which is believed to make a difference holistically towards the general labour relations climate within the company. The application of transformational leadership qualities creates an environment in which the employee gets recognition, which makes the employee feel valued and ultimately promotes effective labour relations.

### **1.1 Chapter overview**

As indicated in Chapter 1, the general objective of this study was to evaluate how employees experience labour relations and to benchmark their experiences against transformational leadership qualities. A literature overview describing transformational leadership was presented to indicate why this concept is viewed as an important construct in ensuring sound labour relations. Thereafter the constructs that influence the employee-employer relationship were discussed, as well as the expectations employees have towards management. This then led to the exploration of the inter-relationship between transformational leadership and sound labour relations.

In Chapter 2, the focus was on a literature overview explaining transformational leadership and the inter-relationship between this and effective labour relations. Transformational leadership consists of four constructs, as defined by Bass (1990):

- Idealised influence;
- Inspirational motivation;
- Intellectual stimulation; and
- Individualised consideration.

The cost of management's inability to address employee concerns in an appropriate manner plays out in a lack of trust, no credibility, no fairness and consistency, poor communication, inappropriate norms and values, all contributing to a negative workforce which according to Banfield and Kay (2008) and Collins and O'Rourke (2009), cost employers huge amounts of money that could possibly have been avoided if employees were managed in the appropriate manner.

To ensure sound labour relations cognisance was given to factors defined in the literature overview on transformational leadership and it was indicated why this concept is viewed as an important construct in ensuring sound labour relations. Taking the factors into consideration and benchmarking them against an ideal scenario of conducive or effective labour relations, the concept of transformational leadership was seen to add value to effective labour relations. Furthermore, it was explained that transformational leadership enhances, supports and builds core labour relation constructs such as trust, honesty, reliability, effective communication, motivation, recognition, fairness and consistency.

Chapter 3 of the study focussed on the expected position and role of management in a modern, fast-changing world. The objective of the study was also to focus on an empirical research, focussing on how a team of senior consultants experienced labour relations in a foreign socialist country. The findings of the empirical study indicated that most constructs supporting effective labour relations were not honoured or effectively applied by management in that country.

Chapter 3 included a literature study, supporting the importance of transformational leadership in securing effective labour relations. Thus, constructs associated with transformational leadership identified during the empirical study were supported by literature to be effective in the enhancement of effective labour relations.

## **1.2 Conclusion**

The primary objective of the study was to evaluate how employees experience labour relations and to benchmark their experiences against transformational leadership qualities. Transformational leadership emerged as important as leadership theory in ensuring sound labour relations.

Constructs having an impact on effective or sound labour relations were identified through literature and were also identified during the empirical study.



In summary as part of the empirical study, employees claimed that the following constructs were not effectively managed or honoured by management, with consequent negative influence on the labour relations:

**Figure 1: Empirical study: outcome employee concerns.**



Figure compiled by the author

The general conclusion of the study highlights the importance of sound labour relations within any organisation. The importance of sound labour relations can never be

underestimated and as was seen in this study, there are severe consequences should employees not be considered the organisations greatest asset.

Employee management today is considered the most important facet of organisational success and through labour relation theories and approaches is absolutely essential to ensure organisational success.

Trust, honesty, reliability, effective communication, motivation, recognition, fairness and consistency as identified constructs of this study are benchmarked against transformational leadership constructs and summarised as follows:

**Table 1: The inter-relationship between the application of transformational leadership qualities and sound labour relations.**

| <b>Motivation and recognition as constructs of effective labour relations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Trust, honesty, reliability, integrity, fairness and consistency as constructs of effective labour relations</b>                                                                                                                                                                                                                                                                                         | <b>Competence, reliability, empowerment, innovation, communication and participative management</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Transformational leadership adds to</b></p> <ul style="list-style-type: none"> <li>• Employees receiving appreciation and recognition</li> <li>• Motivates employees to achieve the highest possible level of need satisfaction</li> <li>• Enhances personal growth</li> <li>• Builds self-esteem</li> <li>• Can add to a strong supportive, trust based and a participative culture in which supervisors act as mentors</li> <li>• Motivates workers by adding challenges to their jobs and giving them a feeling of ownership.</li> </ul> | <p><b>Transformational leadership</b></p> <ul style="list-style-type: none"> <li>• Creates trust to have an attitude of optimism and goodwill</li> <li>• Creates openness, honesty and reliability</li> <li>• Increases perceptions of interactional fairness and more positive evaluations of management</li> <li>• Creates an environment where employees are treated with dignity and respect</li> </ul> | <p><b>Transformational leadership adds value in that:</b></p> <ul style="list-style-type: none"> <li>• Promotes that leaders must be competent and give direction</li> <li>• Promotes empowerment that implies the ability to communicate, to learn, to exercise initiative, to solve problems, to work independently or able to work in teams.</li> <li>• Gives employees authority and responsibility to make decisions about their work</li> <li>• Contributes to effective communication that promotes innovation and creativity</li> <li>• Contributes to employees understanding their roles and boundaries within which they operate</li> </ul> |

Table compiled by the author

In the application of transformational qualities management not only creates the balance as required in terms of labour relations, but enhances and promotes employee importance, and consequently providing a greater chance of promoting organisational prosperity and stability.

The position and role of management towards labour relations and the positive application of the identified constructs becomes pertinent in the ensuring of sound labour relations. Literature confirmed this and the outcome of the empirical study indicated the expected role of management as follows:

**Table 2: The expected position and role of management benchmarked against transformational leadership**

| The expected position and role of management                                                                                                                                                                                                          | Transformational leadership constructs        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <ul style="list-style-type: none"> <li>Management must focus on effective communication</li> </ul>                                                                                                                                                    | Idealised influence/ Inspirational motivation |
| <ul style="list-style-type: none"> <li>Good communication builds approachability and by being honest it all adds to building trust</li> </ul>                                                                                                         | Idealised influence/ Inspirational motivation |
| <ul style="list-style-type: none"> <li>Trust forms an integral part of any organisation and can be viewed as the sharing of information, ideas and skills that require team members rather to cooperate instead of compete, judge or blame</li> </ul> | Idealised influence/ Inspirational motivation |
| <ul style="list-style-type: none"> <li>Build strong relationships with employees, in other words to know them, to know what their goals and aspirations are</li> </ul>                                                                                | Idealised influence/ Inspirational motivation |

|                                                                                                                                                                                                                                                                         |                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Management must identify norms and practises that are barriers to discussing sensitive topics, and encourage high frequency interaction with an expectation of collaborative problem solving</li> </ul>                          | Idealised influence/Inspirational motivation<br>Individualised consideration                            |
| <ul style="list-style-type: none"> <li>Ensure praise and recognition</li> </ul>                                                                                                                                                                                         | Idealised influence/ Inspirational motivation/<br>Intellectual stimulation/Individualised consideration |
| <ul style="list-style-type: none"> <li>Encourage self actualisation to aid employees in achieving their full potential by providing greater decision-making responsibility and the gradual introduction of complex work as the employee becomes more capable</li> </ul> | Idealised influence/ Inspirational motivation/<br>Intellectual stimulation/Individualised consideration |
| <ul style="list-style-type: none"> <li>Encourage team cohesion by allowing employees to be part of a group</li> </ul>                                                                                                                                                   | Idealised influence/ Inspirational motivation/<br>Individualised consideration                          |
| <ul style="list-style-type: none"> <li>To build credibility with subordinates managers must realise that they should not respond defensively to challenges or criticism</li> </ul>                                                                                      | Idealised influence/ Inspirational motivation/Individualised consideration                              |
| <ul style="list-style-type: none"> <li>Management must promote innovation and creativity</li> </ul>                                                                                                                                                                     | Inspirational motivation/Intellectual stimulation/Individualised consideration                          |
| <ul style="list-style-type: none"> <li>Setting of achievable goals</li> </ul>                                                                                                                                                                                           | Inspirational motivation/<br>Intellectual stimulation<br>Individualised consideration                   |
| <ul style="list-style-type: none"> <li>Ensure proper training initiatives</li> </ul>                                                                                                                                                                                    | Intellectual stimulation/Individualised consideration                                                   |

|                                                                                                                                                                                     |                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <ul style="list-style-type: none"> <li>• Management must ensure their conduct displays fair treatment and ethics-related outcomes</li> </ul>                                        | Idealised influence/ Inspirational motivation |
| <ul style="list-style-type: none"> <li>• Management must ensure that all company rules are readily available and that all employees understand the rules as communicated</li> </ul> | Idealised influence                           |
| <ul style="list-style-type: none"> <li>• The application or execution of discipline should happen in a fair and consistent manner</li> </ul>                                        | Idealised influence                           |
| <ul style="list-style-type: none"> <li>• Avoid favouritism, subjectivity, biasness, assumptions and beliefs when working with employees</li> </ul>                                  | Idealised influence                           |

Table compiled by the author

The link between transformational leadership and the experiences of labour relations rests upon two concepts that complement each other. A distinct interdependence exists between the two concepts in the insurance of sound and effective labour relations. Attention needs now be given to the final recommendations of the study.

### 1.3 Recommendations

In the process of collective bargaining or dispute resolution it is always fair and objective to consider both arguments in order to make an informed decision about the dispute. Some might argue that in terms of this study only the opinions of the employees were considered but not that of the employer but one must surely agree that the application of transformational leadership characteristics will enhance effective labour relations.

Labour relations as was defined in this study centres around balancing the relationship between management and employees. In order to maintain balance we deal with the required behaviour between management and employees that should be maintained at all costs to ensure organisational stability and financial growth. The action or behaviour between the two parties will determine the effectiveness of the labour relationship, ultimately determining the stability and growth.

The action or required behaviour, better known as organisational behaviour, is defined as a distinct area that investigates the impact that individuals, groups and structures have on the behaviours within organisations (Robbins, Judge, Odendaal & Roodt, 2009). Investigating and managing the behaviours within the organisation, becomes the primary function of the leader, as employee behaviour is a consequence of how employees are treated by the leadership of an organisation (Shaffer, 2000).

Leadership can be defined as a process by which one individual influences others toward the attainment of group or organizational goals. Three points about the definition of leadership should be emphasized. First, leadership cannot exist without followers, nor can followers exist without a leader (Bass & Bass, 2008). Leadership elicits voluntary action on the part of followers and finally results in followers' behaviour that is purposeful and goal-directed in some sort of organised setting.

Considering the importance of organisational behaviour in conjunction with the position and role of a leader, a focus on transformational leadership provides four fundamental and inter-related motivational effects that come into play when followers' awareness is raised concerning the importance and the value of objectives and goals, and about ways to reach them (Porter, Angle & Allen, 2003).

Transformational leadership is a process in which the leaders take actions to try to increase their associates awareness of what is right and important, to raise their associates motivational maturity and to move their associates to go beyond the associates own self-interests for the good of the group, the organization, or society (Bolden, Gosling, Marturano & Dennison, 2003). Transformational leaders attempt to optimize development, not just performance. Development encompasses the maturation of ability, motivation, attitudes, and values as well as encouraging their associates to strive for a higher level of achievement as well as higher levels of moral and ethical standards (Bolden et al., 2003).

For Bass (1990) transformational leaders transform a follower's self-interest, increase the confidence of followers, elevate followers expectations, heighten the value of the leader's intended outcomes for the follower, encourage behavioural change and motivate others to higher levels of personal achievement.

The modern demands of employees, require a different approach compared to authoritative, non-supportive leadership styles of the past. The relationship between management and employees becomes more important, considering the success or potential success of the organisation. Should we not adapt to employee needs, or the effective managing of employee needs, we will inevitably experience severe problems. Should transformational leadership qualities facilitate a more sound and productive workforce, one can surely argue, that transformational leadership will make a difference in any organisation.



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Annexure 1.

### **Interview guide**

Exploring the link between transformational leadership qualities and the inter relationship towards labour relations.

**Title:** Mr.

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**Format:** Dissertation

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## **Interview guide**

### **Terms and conditions of the interview process:**

1. During the study or any publication the name of the company or respondents will not be disclosed;
2. The study population will consist of all consultants;
3. Participation in the study will only be on a voluntary base;
4. No employee be victimised, nor will any member of the company be discriminated against (directly or indirectly);
5. Findings and recommendations will not be used to victimise or discriminate against any member of the company;
6. Findings of the study will be disclosed to any relevant party;
7. A semi structured multi sensitive questionnaire will be used during the study
8. Interviews will be held face to face, open ended
9. Interviews will be recorded for any future reference.
10. Interviews will be transcribed.

### **Recording and recordkeeping**

1. Interviews will be recorded with the permission of the participants by means of Audio taping.
2. Transcripts will be made for every interview recorded.
3. Copies will be made of every interview transcript and such copies as well as the audio taping will be securely kept in safekeeping for any future reference.

## **Interview Guide**

Exploring the link between the experience of labour relations and transformational leadership

Interviewer: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Venue: \_\_\_\_\_

1. Exercising your rights in terms of the interview process do you prefer to keep the interview anonymous?

| Yes | No |
|-----|----|
|     |    |

Comments:

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2. Do you understand the terms and conditions and more importantly that no information will be used to victimise, incriminate or discriminate against yourself in what so ever manner?

| Yes | No |
|-----|----|
|     |    |

Comments:

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3. Can you please state how long you have been working for the company?
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4. How often do you have the opportunity to express your ideas and concerns regarding operational requirements?

| Core construct               |
|------------------------------|
| Participative management (A) |

Interviewee comments:

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5. How would you describe management's actions or reactions in expressing gratitude and giving recognition in terms of good performance?

| Core construct          |
|-------------------------|
| Fair and consistent (J) |
| Motivation (G)          |
| Dignity and respect (I) |
| Specific guidance (F)   |

Interviewee comments:

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6. How would you describe the general communication within the organisation?

| Core construct                             |
|--------------------------------------------|
| Communication clear and understandable (C) |

Interviewee comments:

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7. How would you describe management's strategic leading role within the organisation?

| Core construct       |
|----------------------|
| Clear objectives (D) |
| Trust (K)            |
| Recognition (B)      |
| Reliable (H)         |

Interviewee comments:

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8. Describe the way in which you receive instructions from management?

| Core construct                             |
|--------------------------------------------|
| Clear objectives (D)                       |
| Communication clear and understandable (C) |
| Dignity and respect (I)                    |

Interviewee comments:

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9. Raising operational concerns with management, how would you normally describe management's involvement?

| Core construct          |
|-------------------------|
| Support (E)             |
| Fair and consistent (J) |
| Specific guidance (F)   |
| Recognition (B)         |
| Reliability (H)         |
| Trust (K)               |

Interviewee comments:

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10. How would you describe the current labour relations climate?

Interviewee comments:

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11. Do you consider actions taken by management to be fair and consistent?

| Yes | No |
|-----|----|
|     |    |

Comments:

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12. Can you explain your answer?

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13. What do you consider the most important constructs that influences the labour relationship between management and employees?

Comments:

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14. How would you describe the role management plays towards motivating employees?

| Core construct          |
|-------------------------|
| Support (E)             |
| Specific guidance (F)   |
| Recognition (B)         |
| Dignity and respect (I) |

Interviewee comments:

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15. What would you typically expect from management in terms of sound labour relations?

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16. How would you describe the way management addresses conflict in the workplace?

| Core construct          |
|-------------------------|
| Specific guidance (F)   |
| Fair and consistent (J) |
| Reliability (H)         |
| Recognition (B)         |
| Dignity and respect (I) |

Interviewee comments:

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17. If having personal problems, how would you describe management assisting you and is the matter treated confidentially?

| Core construct          |
|-------------------------|
| Reliability (H)         |
| Trust (K)               |
| Recognition (B)         |
| Fair and consistent (J) |
| Dignity and respect (I) |

Interviewee comments:

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18. How would you describe trust and reliability towards management?

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19. How would you describe the working relationship between yourself and peers?

| Core construct                             |
|--------------------------------------------|
| Support (E)                                |
| Communication clear and understandable (C) |
| Trust (K)                                  |
| Reliability (H)                            |
| Dignity and respect (I)                    |

Interviewee comments:

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20. How would you describe the working relationship between yourself and management?

| Core construct                                |
|-----------------------------------------------|
| Support (E)                                   |
| Communication clear<br>and understandable (C) |
| Trust (K)                                     |
| Reliability (H)                               |
| Dignity and respect (I)                       |

Interviewee comments:

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21. What 3 attributes would you consider as immediate action to improve general labour relations?

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22. What 3 attributes would you describe the most destructive towards sound labour relations?

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23. How would you describe the application of discipline within the organisation?

| Core construct          |
|-------------------------|
| Fair and consistent (J) |
| Dignity and respect (I) |
| Specific guidance (F)   |

Interviewee comments:

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24. How would you describe values and ethics within the organisation?

| Core construct          |
|-------------------------|
| Trust (K)               |
| Reliability (H)         |
| Dignity and respect (I) |

Interviewee comments:

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25. Any general comments

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# ASOKA ENGLISH LANGUAGE EDITING



## DECLARATION

This is to certify that I have English Language edited the dissertation.

*Exploring the link between the experience of labour relations and transformational leadership.*

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Candidate: Watermeyer, J.

***Prof. D. Schaffer***

**SATI member number: 1001872**

## DISCLAIMER

Whilst the English language editor has used electronic track changes to facilitate corrections and has inserted comments and queries in a right-hand column, the responsibility for effecting changes in the final, submitted document, remains the responsibility of the candidate in consultation with the supervisor/promoter.