

CHAPTER TWO: ASSESSING PERCEPTIONS OF PUBLIC SERVANTS' TRUST IN LEADERSHIP

2.1 Introduction

This chapter focuses on the conceptual foundation of the trust relationship between local government employees and managers. The aim would be to establish a link between municipal employees' trust in their management structure, and what influence that trust relationship as a contributing factor have on effectively delivering basic services to communities. The chapter will provide a discussion of local government and its related structures. This will be discussed through a brief history and the transformational process, the present local government structure and its institutional performance and functionality in how to effectively carry out its constitutional duties towards the communities it serve.

Taking cognizance of the manner in which local government mechanisms and its related structures are administered, the research will aim to establish how important the vertical trust relationship between municipal employees and managers is, as a contributing factor for effective service delivery to its communities. Attention will focus on the conceptualization of vertical trust between employees and managers within local government in South Africa as well as to determine whether municipalities' performance indeed have a link with vertical trust relationships between the relevant employees and managers. This will be explained within a broader perception by focusing on relevant theories of trust, which include the theories' related different types- and dimensions of trust, and influence of the trust relationship within the local government sphere.

The theories of trust will revolve around the theoretical aspects and the concept of vertical trust. Based on the theoretical description, an analytical framework based on various categories, was used to ascertain whether trust indeed is a contributing factor which influences effective service delivery within a local municipality.

2.2 Local government structure in South Africa

The Constitution of South Africa prescribes how government needs to function and identifies three spheres of government within South Africa (Education and Training Unit, 2013b), being the national government, provincial government and local government. These spheres of government are autonomous as the Constitution makes explicit provision for these spheres to be distinctive, inter-related and inter-dependent to operate according to the rules set out in the Constitution (Education and Training Unit, 2013b). The national government is the supreme law-making body in the country and the laws made by this sphere of government are applicable throughout South Africa. Provincial governments are bound by laws and policies passed at national government, but can develop its own laws and policies within this framework in order to suit its specific needs. This sphere of government may pass its own constitutions subject to the provisions of the Constitution of South Africa. Local governments consist of municipalities whose objectives are, amongst other things, to provide democratic and accountable government for local communities, to ensure the provision of basic services to communities and to promote social and economic development. (Education and Training Unit, 2013b).

The role of local government, amongst other things, is to promote a better life for all by creating jobs, alleviating poverty and is key in achieving a prosperous civilization. This research aims to explain the evolution of the local government structure in South Africa and will focus on the following aspects. First, a brief overview and the transformational process of the South African government structure will be discussed. Secondly, this will be followed by the present system of the local government in South Africa. This section will discuss the various policies that guide the South African government, the three categories in which local government functions and the challenges of community protests at the local government level. Thirdly, the research looks at the local government's functionality and institutional performance. Lastly, the research looks at

how local government seeks to build a strong foundation in the country's quest of socio-economical upliftment against issues like poverty.

2.2.1 Brief overview and the transformational process

Before the promulgation of the Constitution of the Republic of South Africa of 1996 and the transition to democratic local government, local authorities, as they were then known, were mere creatures of statute which were created by provincial governments (SALGA, 2013a). The foundation of the local government structure were laid as a consequence of the Anglo- South African Boer War and the development of the Union of South Africa in 1910 (Koma, 2012). History showed that the nature of the South African political system was intricately linked with the country's economy and the wealth of gold resources which saw western countries flock to South Africa to seize the opportunistic prospecting in gold mining (Koma, 2012). The cheap migrant labour system introduced cheap black labour to these mines which consequently was reformed into a system of social, political and economic control (Koma, 2012).

This cheap migrant labour system was subsequently refined into a system of apartheid where labourers were subjected to segregation and discrimination. As the economy prospered and wealth, as a consequence, were exclusively handed to white South Africans, the government wanted black labour to move to white towns and cities. Black labourers were not allowed to live in these areas which led to restrictive legislation that was passed in order to curb the movement of black people (Koma, 2012). This legislation included the Native Trust and Land Act of 1936 and the Native Laws Amendment Act of 1937 which failed to discourage black people from migrating to urban areas, where municipalities had to provide basic services for them (Development Bank of Southern Africa, 2000). With Apartheid being condemned by other countries and with sanctions imposed on South Africa due to the country's political ideologies, a national reform process began in 1990 (Smith et al., 1998). Since 1994, the South African local government sector experienced various transformational changes National

deliberation negotiated the Local Government Transition Act of 1993 (LGTA) in order to pave a process for change and provided four phases (Koma, 2012).

The first phase was the period between the passing of the Local Government Transition Act of 1993 and the first local government elections held in 1995-1996 (Smith et al., 1998). The Act focused on the political unification of municipalities that had been racially divided under apartheid and emphasized the importance of change in the political landscape and was marred by little attention given to how municipalities should be functioning. The second phase began with the first local government elections and ended with the implementation of the final constitutional model of local government in 1997. Integrated municipalities were established but were not yet fully democratically elected. The third phase began with the final constitutional model of local government in 1997 and provided for a strong and entrenched local government, although some of the constitutional provisions only took effect after the 2000 local government elections (Statutes of The Republic of South Africa, 1996). During this phase, the current municipalities were established which stemmed from the local government election on 5 December 2000. The fourth phase began with the consultative process within government, which preceded the 1998 local government White Paper. This phase focused on how local government could function within the local community. The White Paper alluded to the fact that local government needed to be “developmental”, merely stating that local governments needed to be committed to working with citizens and groups within the community, in order to find sustainable ways to meet their social, economic, and material needs and consequently improving the quality of the lives of the people (Education Training Unit, 2013c).

The Constitution of 1996 made provision for different spheres of government to exercise their powers but history indicated that government regulations had an array of procedures, structures and processes (SALGA, 2013a). Municipalities however, had a common feature as there was a lack of constitutional status whereby municipalities possessed only such rights and powers as was specifically or impliedly granted to them by the legislature. All their actions, including the passing of by-laws and administrative

actions were rendered and subjected to judicial review. Municipalities' existence was subservient to the mercy of the provinces (SALGA, 2013a). The transformation of local government, as it stood during the apartheid period, was aimed at removing the racial basis of government and making it a mechanism for the integration of society and the redistribution of municipal services from the rich to the poor. The rationale was to firmly establish local government's autonomy (SALGA, 2013a). Local governments are political units or instrumentalities constituted by law (the peculiar or unique characteristics of which is their subordinate status to the central government) which have substantial control over local affairs and likewise have the power to tax. A municipality now had the right to govern, on its own initiative, the local government affairs of its respective community.

The historical overview and transformation process culminated in the present system of local government in South Africa, which will be discussed in the following section.

2.2.2 The present system of local government in South Africa

This section will provide an overview of the various policies which guide the local government sphere. This will be followed by an explanation of the current government structure within South Africa.

2.2.2.1 Policies guiding local government in South Africa

Although national and provincial governments may oversee the functioning of local government, this must be done without impeding on the institutional integrity of that particular local government. The socio- economic backlogs and non- delivery of basic services in local government, marked by the apartheid legacies, was undoubtedly one of the reasons which led to the national reform process that began in 1990 (Pieterse, 2002). The new democratic government reformed previous legislations and policies to address issues pertaining to segregation, inequality, discrimination, poverty and to establish new transitional local governments. New institutions such as SALGA have

been established with new principles, philosophies and support mechanisms to streamline transformational local government into improved performance levels.

The introduction of the LGTA provided for transitional local government as well as for a clearly defined transition process. Other pieces of important legislation were the Development Facilitation Act which attempted to attend to the functional approach of local governments and to guide them in the direction of being more participative (Koma, 2012). The Demarcation Act also allowed for a complete review of the geographical areas of jurisdiction of local governments and to ensure that every area of South Africa falls under a democratically elected local government (Koma, 2012). From a governance point of view, the above-mentioned acts could evidently be seen to have steered the way in allowing the current elected, fully democratic and demarcated municipalities to begin functioning in democratic and development orientated manner after 2000 (Koma, 2012). These acts were a direct consequence of how the South African Constitution unambiguously provided for what role local municipalities may fulfill and how they could execute its legislative authority and powers. These local municipalities would then autonomously take control over local affairs and other community concerns. Municipalities would provide essential and emergency services effectively and efficiently to respective communities as well as to improve the general welfare of those same communities.

With the twenty first century approaching, the Department of Provincial and Local Government (DPLG) initiated and implemented a strategic plan in order to improve social development and economic growth, through a multi-disciplinary approach (DPLG, 2013). This multi-disciplinary plan is known as the Integrated Development Planning (IDP), and a process through which municipalities prepare a strategic plan containing short, medium and long-term development objectives, strategies and programmes for the municipal area (DPLG, 2013). The IDP aims to enable municipalities to collectively engage with communities and other stakeholders, in order to find innovative and cost effective ways of alleviating poverty and simultaneously growing the local economy. The focus of this initiative was efficient and effective coordination, as reflected in

decentralized development planning and integration, between the three spheres of government (SALGA, 2013a). The initiative was also aligned to the South African Constitution of 1996, which enshrined the notion of cooperative governance and government as one entity, consisting of three inter-dependent spheres on the one hand, and creating a capable local government with a unique and specific developmental role on the other hand.

2.2.2.2 The local government structures in the current political environment

Chapter 7, Section 155 - 157 of the new South African Constitution of 1996 (Statutes of The Republic of South Africa, 1996), explicitly mandates the municipalities' constitutional responsibility for the delivery of a range of basic services to local communities and by doing so, work towards sustainable development. Responsibility towards basic service delivery (provision of water supply, sewage collection and disposal, refuse removal, electricity and gas supply, municipal health services, municipal roads and storm water drainage, street lighting, municipal parks and recreation) and local economic development in South Africa are therefore the key focus areas of local government. The Constitution further allocates the functional areas of local government competency in Schedules 4B and 5B. The Municipal Structure Act (Act 117 of 1998) reiterates the introduction of three main types of municipalities as indicated in Table 2.1.

Table 2.1: Three categories of municipalities in South Africa, (Source: SALGA, 2013a)

Municipal Category	Explanation of such category
Category A: Metropolitan Municipality	A municipality that has exclusive municipal executive and legislative authority in its area.
Category B: Local Municipality	A municipality that shares municipal executive and legislative authority in its area with a Category C municipality within whose area it falls.
Category C: District Municipality	A municipality that has municipal executive and legislative authority in an area that includes more than one municipality.

The South African government's approach to all other levels of government is that of the developmental state (Potgieter, 2012). A developmental state plays an active role in guiding economic development and using the resources of the country to meet the needs of the people, by finding a balance between economic growth and social development (Education Training Unit, 2013c). This is accomplished by using state resources and state influence to attack poverty and expand economic opportunities.

The collective goal of creating South Africa as a developmental state, where the quality of life is high, needs to be entrenched. Constructing the country as a developmental state is important to create a framework to address the socio- economic challenges, enhancing economic growth and reducing unemployment (Potgieter, 2012). South Africa, as a developmental state, should provide basic services and restore the Apartheid legacy, but at the same time it needs to align its policies to foster economic development. Potgieter (2012) suggested that in order to address the issues stated

above, bureaucratic competence and economic planning are of the essence but however seems to lack in the current state of government.

The developmental mandate of local government is currently channeled through metropolitan municipalities in the eight largest urbanized and industrialized centers in the country. Metropolitan areas are large urban areas with high population density, an intense movement of people, goods and services, extensive development and multiple business district and industrial areas (SALGA, 2013b). These municipalities are charged with addressing the key challenges outlined in the White Paper on Local Government, namely the legacy of urban apartheid, by establishing a basis for equitable and inclusive metropolitan governance and development (Pieterse, 2002). There are six metropolitan councils in South Africa and they may have up to 270 councilors, appointed for five years (Education and Training Unit, 2013a). They have legislative competence over all the areas listed in Schedules 4B and 5B (Statutes of The Republic of South Africa, 1996).

Outside the metropolitan areas, the local government mandate is pursued by the other two-tier local government - 228 local municipalities grouped into 44 district municipalities, sharing the functional competencies listed in Schedules 4B and 5B (SALGA, 2013a). The responsibilities between the two categories of local government is prescribed by the Municipal Structures Act of 1998, and must take into account the need to provide municipal services in a fair and sustainable manner (The Republic of South Africa, 1999). The Act does so by allocating district municipalities' functions with those not listed and falling in the scope of local municipalities. Local councils exist in smaller cities and towns and have between three and ninety councilors (SALGA, 2013a). Local councils with seven or more councilors have wards. There are 232 local councils. The greatest rationalisation of local authorities occurred in the Category B municipalities. District councils cover a wider geographic area than local councils and areas of lower population density. The long-term goal of the district councils is to enable better regional planning and bulk infrastructure delivery (COGTA, 2009c).

Within each of the categories of municipalities, the Municipal Structures Act allows for diversity in the manner in which a municipality is organised and managed (The Republic of South Africa, 1999). The transformational change of South Africa from a society plagued by discrimination and disparity, into a constitutional democracy continues to pose particularly profound challenges at local government level (Potgieter, 2012). Research studies indicated that it is within local government that acute imbalances in personal wealth, physical infrastructure and the provision of services are often most obvious as a result of community unrest and protests (The Institute for Democracy in Africa, 2010). These consequences of such socio-economic imbalances are due to communities' frustration towards their stagnant impoverished circumstances (Karamoko & Jain, 2011). Protesters often cite the lack of accountability of government officials, along with the absence of public participation as factors that further aggravate their basic service delivery complaints. A brief overview of such protests is given in paragraph 2.2.3. The data suggests that these protests are likely to increase if communities feel that they are being let down by promises of improved social and economic wellbeing by government (Karamoko & Jain, 2011).

Poverty is a challenge of which municipalities are confronted with daily. A large part of the burden of addressing this falls upon local government, as it is the provider of primary services which are essential to the dignity of all who live in its area of jurisdiction. Thus, local government is the key site of delivery and development and is central to the entire transformative project of the new South Africa (SALGA, 2013a). It is therefore a key mandate of local government (with the support of provincial and national government) to eliminate the disparities and disadvantages that are a consequence of the policies of the past and to ensure, as rapidly as possible, the upgrading of services in the previously disadvantaged areas, so that equal services will be provided to all residents (SALGA, 2013a). The success of eliminating these disparities can start by a strong focus of transparent communication between the community and councilors, community participation, unfunded mandates and political management - managing expectations, pressure groups, roles played by municipal leadership and councilor/administrative issues (Mathekga & Buccus, 2006).

Local government has an obligation to work towards the realization of its philosophy of being a developmental state, by eradication of extreme poverty and hunger, achieving universal primary education, promoting gender equality and empower women, reducing child mortality, improving maternal health, ensuring environmental sustainability, and developing a global partnership for development (The Institute for Democracy in Africa, 2010). The commitment from local government to deliver on the above social and economic development requires resolute effort and a more coordinated approach (Potgieter, 2012).

2.2.3 Service delivery challenges faced by municipalities

Taking cognizance of the above background, local government stands to inherit growing responsibility for basic service delivery, primarily because the democratic South Africa has inherited a public sector marred by fragmented and gross inequalities at all levels of government activity (Mathekga & Buccus, 2006). Local government is also marred by some dramatic deficiencies in terms of its capacity and structure to meet those demands of basic service delivery. These deficiencies led to an array of service delivery protests throughout South Africa as indicated in a 2011 research study conducted, to establish the causes associated with the protests, as perceived by affected municipalities (Karamoko & Jain, 2011). Community protests are seen as protests where communities oppose the pace or quality of service delivery by their municipalities (Karamoko & Jain, 2011). The study found that the frequency of community protests across South Africa increased significantly between 2007 and 2009, and then fell dramatically from June 2010 until 2011. Figure 2.1 indicates the trend.

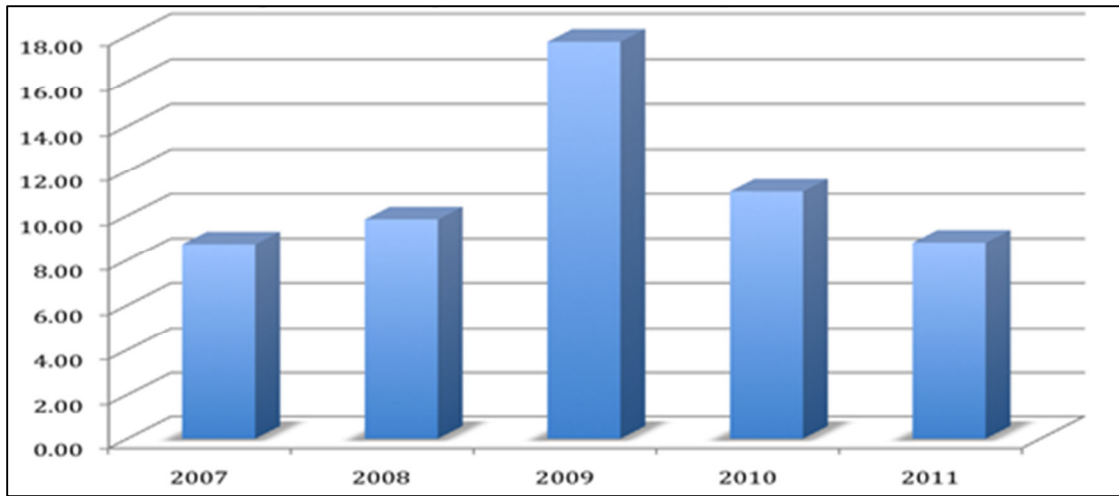


Figure 2.1: Average number of protests per month, 2007 – 2011, (Source: Karamoko & Jain, 2011)

The global financial crisis and the subsequent economic recession at large may have hampered the ability of local governments to adequately provide residents with basic services. This may have contributed negatively on the financial security of South Africans (unemployment and reduced savings) and could be an explanation for the escalating frequency of protests between 2007 and 2009, with a subdued frequency of protests culminating between 2010 and 2011 (Karamoko & Jain, 2011). Basic service delivery protests could not be solely attributed to lack of basic service delivery by municipalities, but is potentially complicated by the migrational flows of the population across South Africa (SALGA, 2013b). More protests occurred in areas where municipal performance progress has been made as opposed to areas where backlogs are more significant e.g. rural areas. This referred to a crucial question of whether local governments and their administrations are undoubtedly capable of fulfilling their mandate, as enshrined in the Constitution (Atkinson, 2003).

An unprecedented wave of popular and violent protests has flowed across the country since 2007 (Karamoko & Jain, 2011). Protesters explained that they took to the streets because there was no way for them to get to speak to government, let alone to get

government to listen to them (SALGA, 2013b). Government's faith in local government, as the sphere that is closest to people and the delivery arm of the state, is not shared by citizens (Powel, 2009). Local government is the least trusted of all public institutions in the country and that has been the case since the first elections in 2000. The above is substantiated in a survey undertaken by the Institute for Justice and Reconciliation in 2011, which shows that only 43 percent of South Africans actually trust local government (Mdletshe, 2012). This is compared with more positive evaluations of provincial government (56 percent), national government (65 percent), parliament (61 percent) and The Presidency (65 percent). Confidence remains far lower in this sphere of government than at the national or provincial levels. The survey also revealed that the percentage of South Africans who believe they can trust national leaders to do what is right has fallen from 58 percent in 2010 to 51 percent in 2011. Trust in local government has never again reached its highest levels as recorded by the South African Reserve Bank survey at 50% in 2006 (Mdletshe, 2012).

While the causes of the protests differ from one province to the other and from one municipality to the other, in all instances people want to be heard and to be taken seriously (Karamoko & Jain, 2011). The protesters are aware that they are citizens with rights and that they should be treated accordingly to what is enshrined in the Constitution of 1996. This is contrary to local government legislative framework which underpins local governance and popular belief that some form of stakeholder involvement in decision-making is necessary in planning on issues that affect people's lives (Powel, 2009). Corruption, financial mismanagement and non-compliance with financial legislation are common in most municipalities. Consequently, this results in poor performance, thus the delivery of social services is compromised (Powel, 2009). Another factor undermining the performance of municipalities is the availability and shortage of the required skills (COGTA, 2009c). The State of Local Government in South Africa Report 2009 referred to a situation where the skills deficit within municipalities remains a major challenge (COGTA, 2009a). Municipalities lack the managerial, administrative, financial and institutional capacity to meet the rising needs

of the local community. This situation is exacerbated by the decline of municipal professionals and poor linkages between local government and tertiary education sector. As a result, these municipalities cannot meet their required performance standards, hence impacting adversely on the delivery of services.

2.2.4 Local government functionality and institutional performance

The aims of a democratic society and a growing economy can only be attained through a responsive, accountable, effective and efficient structure within local government. When the Ministry of Provincial and Local Government was disbanded and replaced by the COGTA in 2009, the new ministry implemented The Local Government Turnaround Strategy (TAS) and emerged from COGTA's assessment of local government in 2009 (COGTA, 2009a). The department found that, while local government embraced democratization, the municipal structure lacked key performance areas like the inability to eliminate huge service delivery backlogs, breakdown in council communication with and accountability to communities, political interference in administration, corruption, fraud, bad management, increasing violent service delivery protests and a depleted municipal capacity (COGTA, 2009a). This was symptomatic of systematic problems in local government and cooperative governance (COGTA, 2009c).

The national government's aim was to improve overall access to basic services for all households by 2014 (COGTA, 2009b). Despite various challenges, significant progress was made (COGTA, 2011a): 93 percent of the population has access to a basic level of water; 73 percent of households have access to electricity; 67 percent have access to basic sanitation; and 59 percent to once a week refuse removal.

Improving financial management and administrative capacity is closely linked to improved service delivery (COGTA, 2009b). This was substantiated by the poor state of financial management in municipalities, culminating in perennial poor audit outcomes based on the audits performed by the Auditor General between 2009 and 2011 (Auditor General of South Africa, 2012). This was particularly alarming, given the annual budget allocation allocated by the National Treasury Department to the respective local governments. From the table below, it is evident that substantial amounts are

transferred to local government in order to allow for sufficient financial resources to deliver on basic services to communities.

Table 2.2: National grants to local government, 2009/10 – 2015/16 (Rmillion)

R million	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Outcome			Revised estimate	Medium-term estimates		
Direct transfers							
Equitable share and related	23 845	30 541	33 173	37 373	40 582	44 490	50 208
General fuel levy sharing with metropolitan municipalities	6 800	7 542	8 573	9 040	9 613	10 190	10 659
Infrastructure	18 699	20 871	24 643	28 029	31 132	33 698	37 121
Capacity building and other	2 194	1 951	1 862	2 586	3 324	3 201	3 482
Subtotal direct transfers	51 537	60 904	68 251	77 028	84 651	91 579	101 469

(Source: National Treasury: Republic of South Africa, 2013)

The table above indicates an increase in direct transfers from National Treasury to local governments increased by 49.5 percent between 2009/10 and 2012/13 (National Treasury: Republic of South Africa, 2013) and was significantly more than the average inflation rate of 5.5 percent, during that period (Statistics South Africa, 2012). The above inflation increases is illustrated by the annual aggregate increases in direct transfers below (National Treasury, 2013; Statistics South Africa, 2012):

- 2010/11: 18.18 percent as opposed to average inflation of 4.3 percent;
- 2011/12: 12.07 percent as opposed to average inflation of 5.0 percent;
- 2012/13: 12.86 percent as opposed to average inflation of 5.6 percent.

The researcher suggests that, from these amounts of funding allocated to local municipalities, the responsibility lies with accounting officers within the various local governments to manage these funds with accountability and in accord with the legislation uttered in the Municipal Finance Management Act (MFMA). Corporate governance, in terms of the MFMA, is of paramount importance and was also reiterated in the 2011 report by the Auditor General of South Africa (Auditor General of South

Africa, 2012). The table below summarizes the 2010 – 2011 audit outcomes of the 283 municipalities that were audited.

Table 2.3: Auditor General’s consolidated general report on local government audit outcomes, 2010 – 2011, (Source: Oberholzer, 2012)

Audit outcomes	Municipalities	
	2010 - 2011	2009 - 2010
Financial unqualified with no findings	13	7
Financially unqualified with findings	115	122
Financially unqualified financial statements	45%	46%
Qualified opinion, with findings	53	61
Adverse opinion, with findings	7	7
Disclaimer of opinion, with findings	55	77
Number of audit reports not issued by 31 January 2012	40	9
Outstanding audits and financially qualified financial statements	55%	54%
Total number of audits	283	283

**Definitions of audit outcomes are provided in list of terms and definitions*

This table indicates a modest progress in achieving the objectives of what is prescribed under the MFMA for achieving clean financial audits. An entity that has a clean financial audit opinion has strong financial management, sound internal controls and a robust budgeting process (The South African Institute of Chartered Accountants, 2013). According to the table, less than five percent of all municipals achieved the required benchmark (Oberholzer, 2012). The remaining results and performances of the other municipalities may be a catalyst for municipalities not functioning at their optimum capacity in terms of service delivery. The figure below provides a breakdown of

provincial performances, with Kwazulu Natal leading the way with 85 percent of its 61 municipalities achieving unqualified or better audit opinions. Western Cape achieved 74 percent and Gauteng 60 percent. The Northwest Province had the worst performance with only eight percent unqualified audit outcomes. A total of 63 percent of its municipalities did not submit financial statements on time (Oberholzer, 2012).

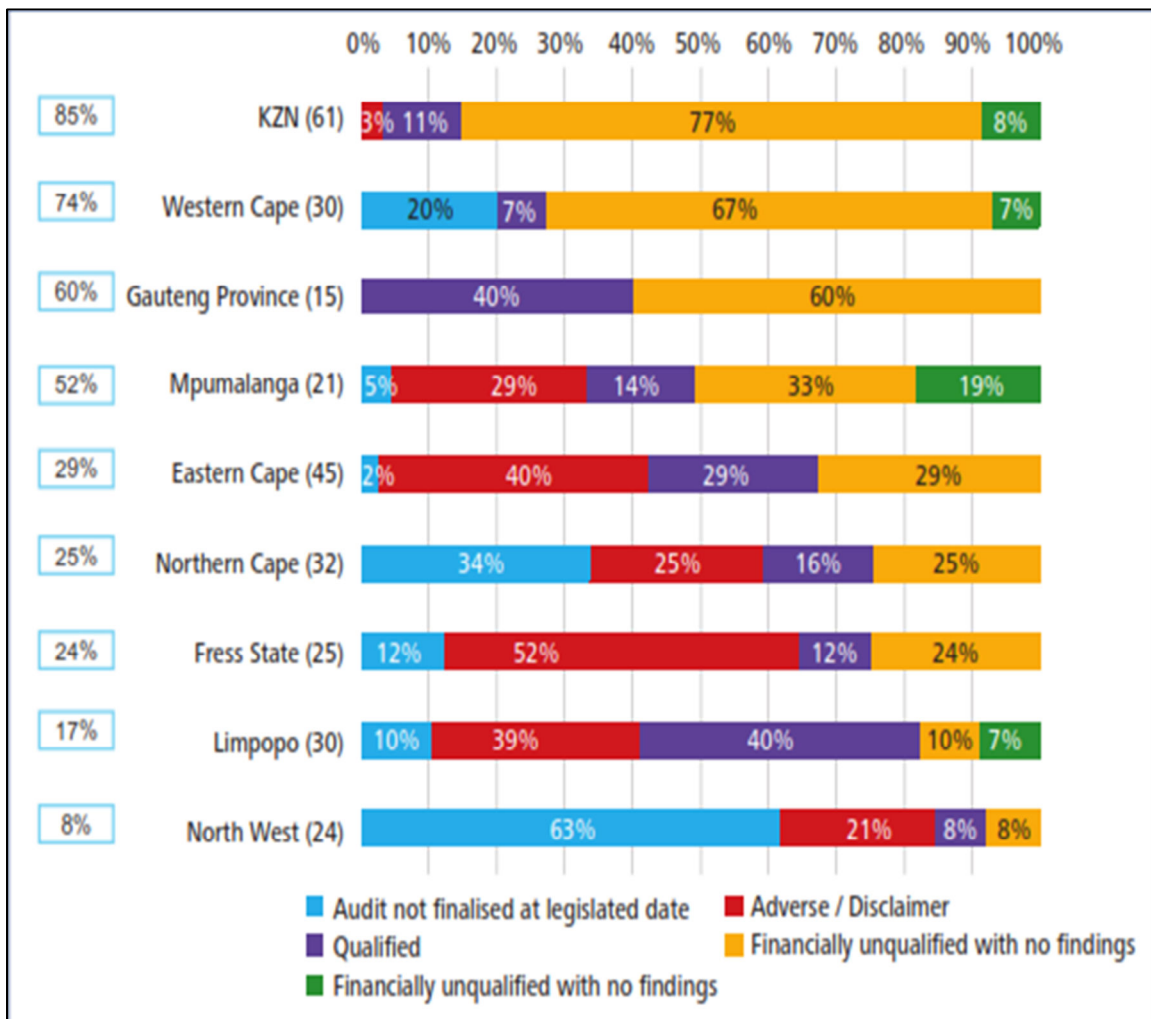


Figure 2.2: Provincial breakdown of the Auditor General's consolidated general report on Local Government audit outcomes, 2010-2011, (Source: Oberholzer, 2012)

From this appalling performance by local municipalities, one would assume that the trust relationship within such municipalities may erode over time. Research

(Lyman, 2012) indicated that employees who trusted their managers had a 42 percent higher return on shareholder investment and performance than organizations in which distrust was the norm. When trust erodes, morale declines, performance plummets and employees become detached from the organization and management (Reina & Reina, 2007). The figure above would assume that service delivery backlogs and public violent protests against the lack of service delivery are mostly prevalent in those areas where financial mismanagement is rife. Karamoko and Jain (2011) suggested the contrary because such protests are predominantly in provinces where corporate governance relating to financial management, was applauded by the Auditor General of South Africa (Auditor General of South Africa, 2012). Irrespective of the above phenomenon, SALGA, as a conduit to alleviate service delivery protests, re-iterated the lack of proper investment in people, the lack of technical, management and leadership skills, the lack of defined minimum competencies for critical positions, and the impact of undue political interference in management decisions (SALGA, 2013a).

Management challenges contribute significantly to the current service delivery backlogs in South Africa. These are estimated at 19.3 percent in water backlogs, 32.6 percent in access to sanitation, 27.3 percent in access to electricity and 40.1 percent in access to refuse removal (Oberholzer, 2012). Although the reasons for service delivery protests are often complex, these backlogs certainly contributed to the perceptions of poor service delivery and the consequent civil unrest, as evidenced by more than 200 service delivery protests during the last few years. In addition, a synopsis of the provincial audit outcomes illustrates that, apart from Kwazulu Natal, Western Cape and Gauteng, there is increasing concern in the remaining provinces due to (Oberholzer, 2012):

- The number of disclaimers, adverse or qualified audit opinions remained at a very concerning 47 percent;
- Forty municipalities were not yet audited due to their failure to submit annual financial statements on time, with the majority of these unlikely to receive a favourable audit outcome. The percentage poor outcomes are therefore likely to move to around 54 percent, the same level as the previous year;

- Only 45 percent of municipalities achieved at least a financially unqualified audit opinion (the same as in the previous year); and
- Only 13 clean audits in the country, i.e. fewer than 5% of municipalities achieving the required benchmark

In contrast to the general perception that municipalities lack the ability to fulfill its mandate in providing basic services as stated in the Constitution, the figure above shows that South Africa has a number of examples of effective, efficient and sustainable municipalities (Auditor General of South Africa, 2012). A strategy for a sustainable turnaround within local government is non-negotiable in order to assure better service delivery within local governments. At least four key priorities can be noted (Oberholzer, 2012):

- Performance management for the creation of an environment of responsiveness, high performance and clear accountability. Rewards and remuneration must be linked to performance. Research indicated that more and more managers within the public sector are not being evaluated based on performance (Kitshoff, 2013);
- Develop an organizational culture to establish a people-centered culture of service delivery and customer care. Being a municipal employee should be about serving the community and not about entitlement and power. Encourage and reward innovation and initiative that improve service delivery;
- Ensure that planning, governance structures, people, processes, systems, infrastructure and oversight mechanisms are optimal and aligned to the mandate, as defined by a realistic IDP and applicable legislation;
- Financial sustainability and management to sustain economic and financial viability and the prosperity of the municipality. This would be imperative in facilitating growth of the local economy and the creation of jobs.

In order for any municipality to be accountable for delivering a basic human right towards local communities, as stipulated in the Constitution of 1996, it is imperative that the relationship between the internal stakeholders of the local municipality is sound. A conducive environment must be created for public servants to perform their duties and

adhere to the key deliverables (Atkinson, 2003). The relationship between the internal stakeholders is identified as the municipal employees and the managerial structures within the municipality. Den and Wang (2009) implied that it is important to establish the link between the employees' job satisfaction, communication and management strategies of their managers and encouragement towards performance excellence unilaterally have an influence on the employee's trust in their managers.

2.2.5 The case for building a strong local government sphere

Providing basic local administration has become one of a vast variety of priorities for all municipalities within the South African context. Municipalities need to be instrumental in South Africa's socio- economical upliftment against issues like poverty and underdevelopment because government policy requires municipalities to play a developmental role. In order for local municipalities to be at the forefront of such a socio- economical upliftment process, it must be committed to engage with all stakeholders in the communities to find ways to improve the quality of lives in the respective communities. It should especially target those within communities that are marginalized or excluded, such as women, disabled people and very poor people (Smith et al., 1998). The legacy of Apartheid created enormous challenges for local municipalities in meeting basic human needs, addressing past backlogs and problems caused by Apartheid planning, and planning for a sustainable future. They can only achieve this by working together with local communities and businesses, and adopting a developmental approach (Potgieter, 2012). This implies that municipalities must have policies and institutional frameworks that support and sustain the development and fundamental rights of local people and be geared to promote good governance (The Institute for Democracy in Africa, 2010). The fundamental goal of a democratic system is citizen satisfaction.

The effectiveness of good local governance may rely on the capacity of local government structures, participative of municipal leadership and employees, to provide

an integrated development approach to social and economic development issues and to supply essential services congruent with the needs and desires of the local communities (The Institute for Democracy in Africa, 2010). Municipalities need to be in a position to identify and prioritize local needs, determine adequate levels of services and allocate necessary resources to the public (COGTA, 2009c). South Africa has taken a significant and positive stride towards the promise of developmental local government (COGTA, 2011a). Most municipalities are still plagued by significant challenges. One key issue is the internal organizational environment in which local municipalities encourage effective basic service delivery (Oberholzer, 2012). Local government is the least trusted of all public institutions in the country and that has been the case since the first elections in 2000 (Powel, 2009). Low levels of trust may cause communities not to perceive local government as credible.

The test would be to see how the employees' perception of local government influences the trust relationship between employees and managers in the local government sphere. Research conducted (Hitch, 2012) acknowledged the benefit of trust within a working environment. In organizations where high level of trust is embraced, employees would experience others, particularly management, as credible. Employees would believe what managers say are true and have confidence that the actions of those managers will remain consistent with their words and actions. This is underpinned by employees' conviction that managers are ethical within the working environment (Lyman, 2012). Within high trust organizations, employees would experience a vast amount of respect and is shown through managers' support of their employees' professional growth and the consideration of employees' ideas in decision-making processes. Lyman (2012) suggests that employees in such organizations believe they are treated fairly, regardless of their position within the organization. These organizations cooperate well across departments and hierarchies, and seek unbiased solutions to difficult circumstances.

From the above, it would be fair to assume that through trust, a self-fulfilling prophecy is nurtured, which is any positive or negative expectation about circumstances, events, or

people that may affect a person's behaviour towards them in a manner that causes those expectations to be fulfilled (Bearman & Hedstrom, 2009). Trusting and feeling trusted are a mutually interactive process, embracing attitude and satisfaction (Lyman, 2012). The moment when employees feel trusted by managers, they believe that the managers will give them fair treatment, respect, and probably more resources or more opportunities, which will satisfy both their physical and spiritual needs (Lau et al., 2007). This may be that they may have greater satisfaction with their manager (Wang et al., 2008). Specifically, one has to do something to give people the conviction they need to believe that one should be trusted. Trust may also be earned through interaction, varying from a simple conversation between co-workers, a five-minute chat in the break room between a manager and employee, or teamwork among co-workers to complete a project. Lyman (2012) stated that modest interactions ultimately convey the willingness on the part of one person to do something that is to the benefit of another person's well-being. It can be through a person's action and interaction that others can assess whether that person can be trusted (Hitch, 2012).

2.3 The case of a Category B municipality

Research (Karamoko & Jain, 2011) conducted over a period between February 2007 and May 2010, indicated that Gauteng accounted for 31.46 percent of the protests in South Africa. The Western Cape accounted for 17.05 percent of such protests, while the Northwest Province accounted for 11.09 percent. The Eastern Cape, Kwazulu-Natal and Mpumalanga contributed 11.09 percent, 9.27 percent and 7.95 percent, respectively. Limpopo, Free State, and the Northern Cape were relatively minor contributors, accounting for 5.30 percent, 4.97 percent and 1.82 percent protests across the country. Figure 2.3 below illustrates:

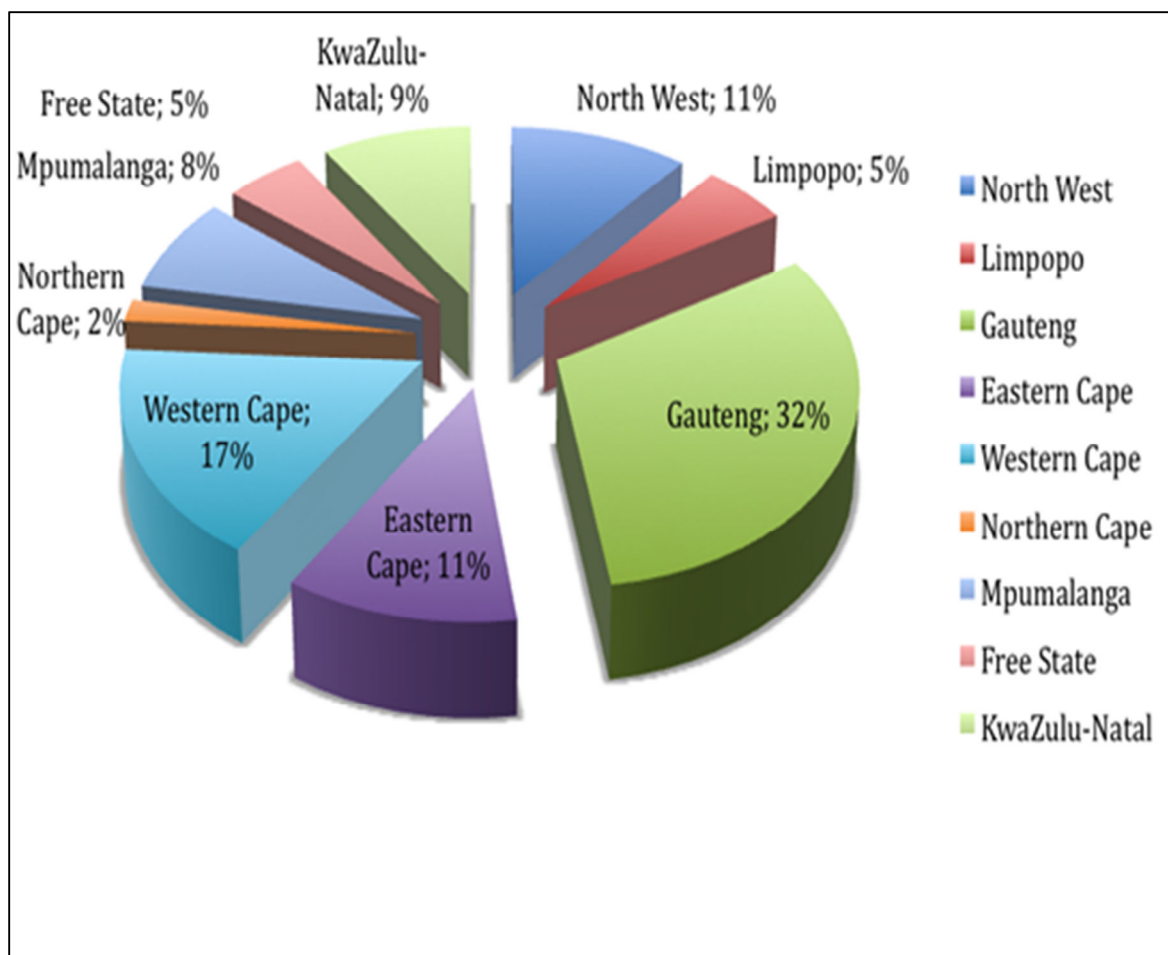


Figure 2.3: Protests by province – February 2007 to May 2010, (Source: Karamoko & Jain, 2011)

Figure 2.4 further reiterates the frustration from communities against the lack of basic service delivery from municipalities. The figure indicates that lack of housing, poor sanitation and water supply, provision of electricity, which form part of the fundamental constitutional right within the country's Constitution, were the main reasons for such protests.

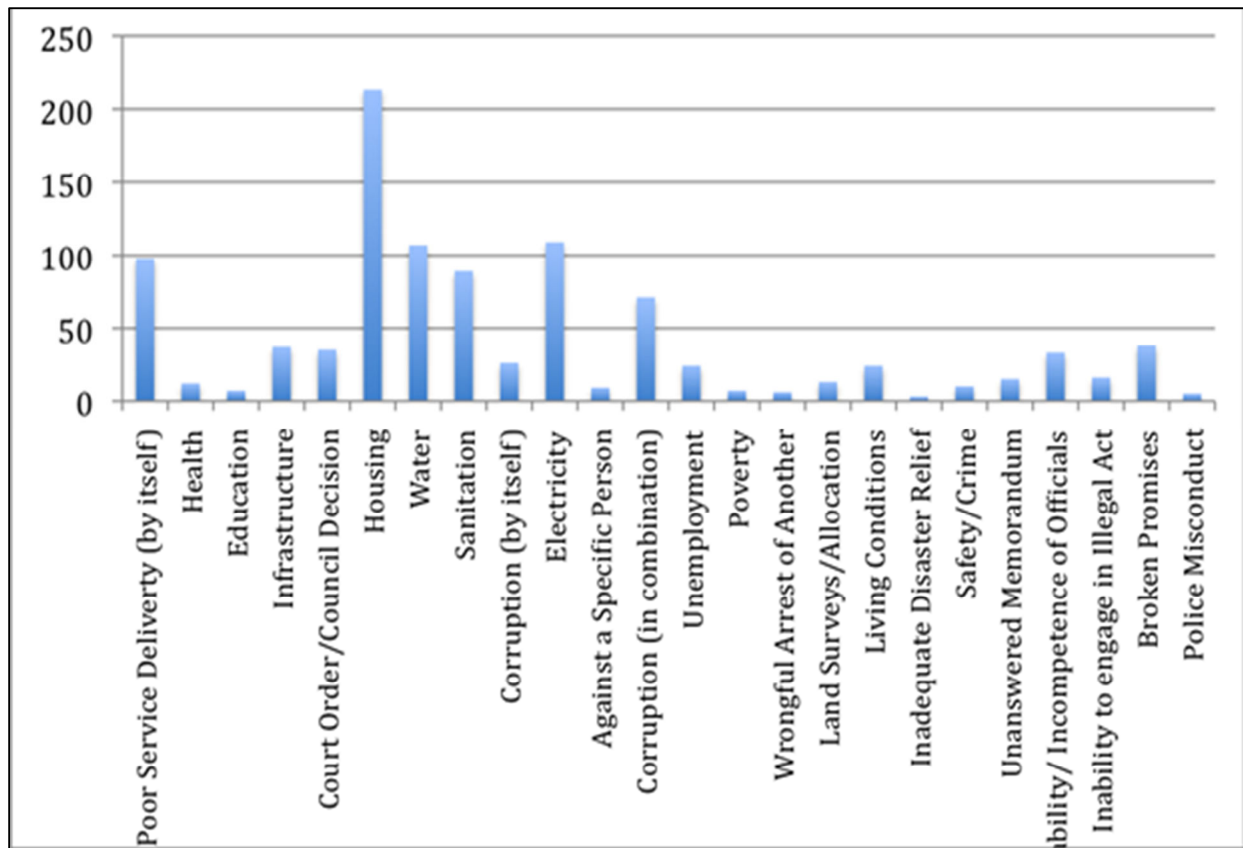


Figure 2.4: Reasons for Protests in South Africa – February 2007 to May 2011, (Source: Karamoko & Jain, 2011)

With the Western Cape and Gauteng Provinces collectively accounting for 49 percent of the protests nationwide, the distribution of protests within these areas indicates that informal settlements on the fringes of urban areas would take part in protests (Karamoko & Jain, 2011). This research also illustrated a breakdown of protests within the Western Cape, which is divided into one metropolitan municipality and five district municipal areas. The majority of these protests occurred within the Cape Town metropolitan municipality. Figure 2.5 illustrates the above.

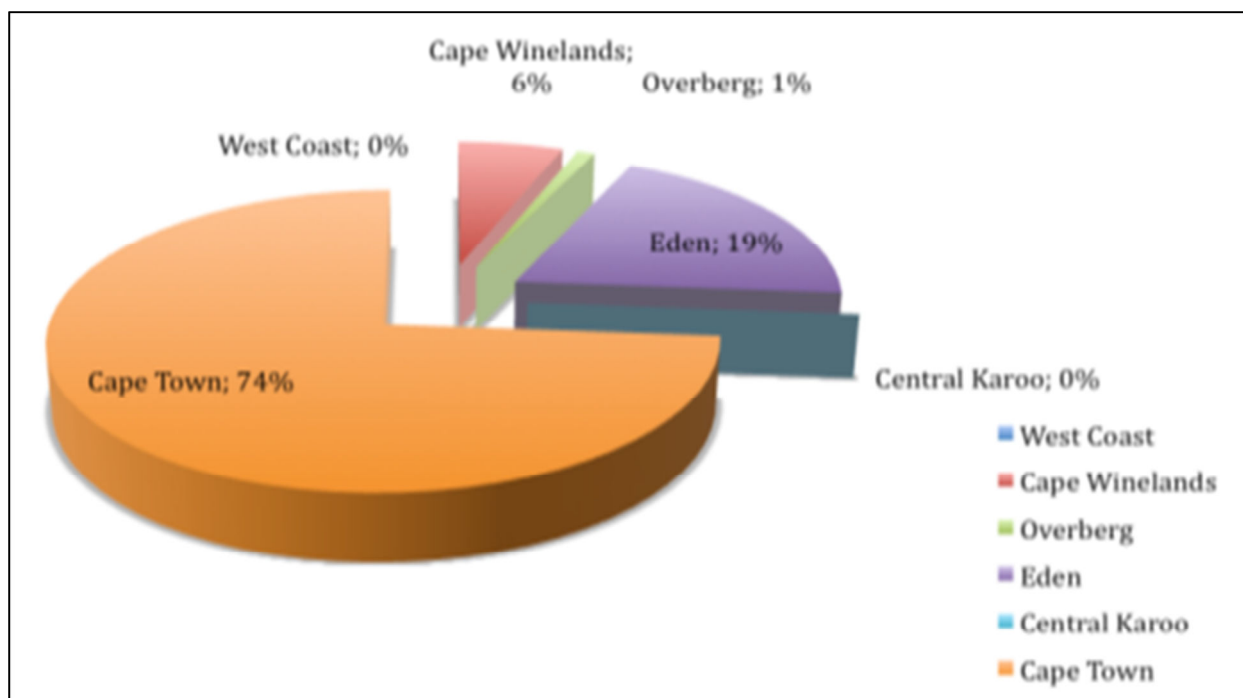


Figure 2.5: Protests by district in the Western Cape -February 2007 to May 2011, (Source: Karamoko & Jain, 2011)

The figure illustrates that such protests were predominantly concentrated within urban areas and was fuelled by protests within informal areas like Nyanga and Khayelitsha. The Eden District, which includes the Category B municipality under discussion, experienced the second highest protests with the majority of those protests occurring within the Plettenberg Bay and Mossel Bay municipalities (Karamoko & Jain, 2011). Various research (Karamoko & Jain, 2011) from the South African Media News Database, suggested that community protests have actually become more common where communities experienced improved service delivery. While these communities were previously on the fringes of South Africa and did not see the government as a realistic contributor to their welfare, the heightened expectations that came with initial improvements in service delivery often resulted in disappointment. The above revelations confirm that one may be oblivious to assume that there is a positive relationship between service delivery protests and the financial performance audit outcomes presented by the Auditor General of South Africa, as illustrated in the five year progress chart below.

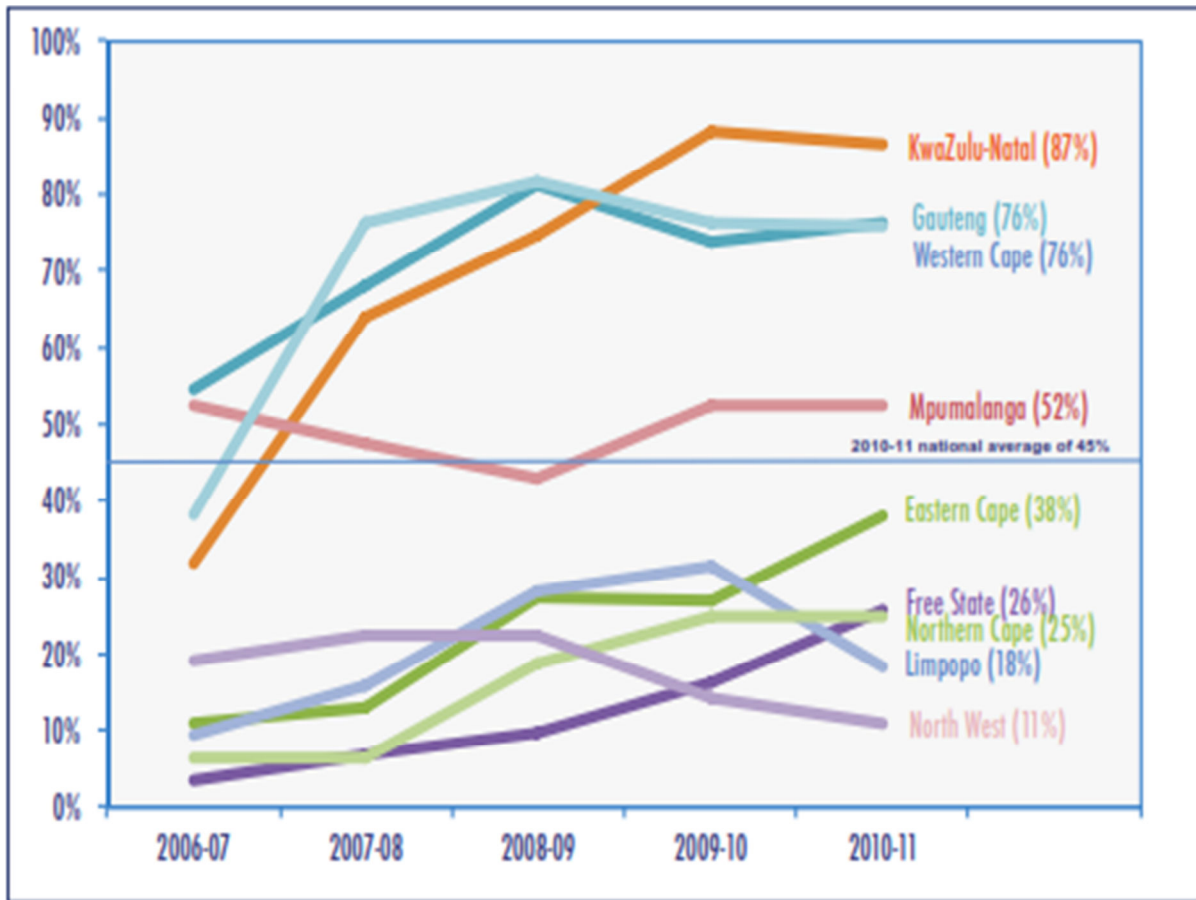


Figure 2.6: Province's five- year progress towards financial unqualified audit opinions, (Source: Auditor General of South Africa, 2012)

Where the assumption would be that service delivery protests would be rife in provinces like Eastern Cape, Northern Cape and Northwest Province, research in 2011 implied the contrary to this effect because protests in excess of 49 percent occurred in the Western Cape and Gauteng provinces alone, over the same five year period (Karamoko & Jain, 2011), compared to the five year progress towards financial unqualified audit figure above. In order to subscribe the municipality's performance to various factors, it would be prudent to ascertain what core values inspire the municipality to get such accolades and how employees are inspired to participate in realizing such achievements (Mackey, 2010). The perception of managers' belief in employees' attitude

towards delivering on the municipality's ultimate goal of service delivery, may depend on whether employees trust the judgment of their competent managers. This may be achieved where a conducive culture is nurtured and valued whereby transparent relationships must be embraced by showing care and concern for one another (Lyman, 2012).

Accordingly, this research study will focus on the performance of Category B municipalities within the geographic area of the Western Cape, and how the vertical trust relationship between employees towards managers and the subsequent performance of the municipalities would influence effective service delivery. A Category B municipality within the Eden district was identified as an institution that, within the broader government sphere, has been complimented and commended due to continuous improvements in service delivery over the last few years (Category B municipality, 2013). The study aims to test the importance of trust by employees towards management as it was found to be a significant forecaster of employees' job performance and the community's satisfaction with the status quo for the past few years (Category B municipality, 2013). As this is a public sector institution with a vast diversity of employees (in excess of 1000 employees) from various demographics, this study will focus on employees' perception of trust towards managers. The study will seek to construct a conceptual framework of how management's engagement with employees in terms communication, job satisfaction, management reporting and sense of empowerment can influence vertical trust. Lastly, the study will attempt to find whether these factors of vertical trust are contributing factors of the accolades received due to continuous improvements in service delivery over the last few years.

From here onwards, the concept of trust will be contextualized by focusing on vertical trust and five dimensions, as indicated in Appendix A.

2.4 Trust: A theoretical perspective

The discussion that follows will focus on various literatures relating to trust. This will be explained within a broader perception by focusing on relevant theories of trust. This includes the theories relating to different types and dimensions of trust, and influence of the trust relationship within the local government sphere. The theories of trust will revolve around the theoretical aspects and the concept of vertical trust. Based on the theoretical description, an analytical framework based on various categories, was used to ascertain whether trust indeed is a contributing factor which influences effective service delivery within a local municipality.

2.4.1 Trust as a concept

Research studies (Seppanen et al., 2007) referred to various definitions of trust where the majority of these definitions describe it as a state, belief or a positive expectation. Trust can be the willingness of one party to be vulnerable to the actions of the other party. This is based on the expectation that the one party will perform a particular action important to the other party, irrespective of the ability to monitor or control that other party (Schoorman et al., 2007).

Various definitions implied that trust (Paliszkievicz, 2012):

- is expressed as an optimistic expectation on behavior of a person;
- occurs under the state of vulnerability to the interests of the individual;
- depend upon the behaviour of other people;
- is associated with willingness, cooperation and the benefits, resulting from that cooperation.

From the above, trust can be defined as the willingness to increase the resources invested in another party, based on positive expectations resulting from past positive mutual interactions (Tzafirir & Clegg, 2007). Trust is a conviction by both parties to never act in a way that brings detriment to the other party or to take advantage of their

weaknesses (Colquitt et al., 2007). This study found that the definition of trust is applicable to circumstances where the object of trust is a person or an institution. Trust relates to favourable expectations of the behaviour of another which stems from another's trustworthiness, which relates to the benevolence, ability and integrity of a trustee (Mayer et al., 1995).

The mutual interaction of the trust relationship between two or more parties is determined by the intensity, quality and durability of human interactions and is a function of the interactions between people in different organizational roles and positions (Houtari & Iivonen, 2003). Trust in one's manager entails the positive effect that occurs when an employee believes that he or she has a fair relationship with an honest manager (Mulki et al., 2006). The literature refers to an unwritten psychological contract that lays the foundation of a trust relationship between employees and managers. It describes the beliefs about what employees think they are entitled to receive or should receive because they perceive that their employers conveyed promises either implicitly or explicitly to provide these things (Grobler et al., 2006).

Research (Grobler et al., 2006) also suggested that managers who embrace and uphold this psychological bond with their employees, promote employees' trust in management and foster higher job satisfaction and the intention to improve performance. In order for this bond of trust to be in effect, managers must entrench a conducive environment of trust which should be visible and experienced by every employee (Coetzee, 2003). Employees' perceptions of their managers' trust is based on benevolence, integrity, ability, openness to share information and consistency of behaviour (Mayer et al., 1995; Bagrain & Hime, 2007). Managers who express these characteristics will install high level of trust with employees (Bagrain & Hime, 2007).

The general attitude is that trust may be a substitute for risk, but it also creates a risk for one party about another party (Sabatini, 2009). This occurs when parties, holding certain favourable perceptions of each other, allow this relationship to reach the expected outcomes (Schoorman et al., 2007). Trust is intimately linked to risk and expectations and involves the belief that others will, so far as they can, look after their interests, that they will not take advantage or harm others. Therefore, trust involves personal

vulnerability caused by uncertainty about the future behaviour of others of which you cannot be sure, but believe that they will be kind, or at least not harmful, and act accordingly in a way which may possibly put us at risk (Bouckaert et al., 2003). The above implies that trust is applied where there is no certainty, whereby it is the expectation of gain or loss which determines whether one will grant trust or not (Bouckaert et al., 2003).

Past research (Paliszkiwicz, 2012) referred to trust within an organization as the employees' willingness to be vulnerable to their managers' actions and can only be rendered when managers of that organization sufficiently communicates its actions to its employees through informal and formal engagements. Information available to the employees is imperative, especially when this source of information is obtained within employees' social environment, which would include fellow employees (Tan & Lim, 2009) as trust between people is a requirement of camaraderie and communication. A working environment with a highly trusting ambiance is normally the cornerstone for harmonious employment relationships. Recent events emphasized that managers behave in a manner that violate trust, which results in employees being more cautious and suspicious about the most diminutive behaviour (Covey, 2011). Nowadays, trust is essential to prosperity and can reap benefits as it creates a sense of belonging in a particular organization as the current crisis of trust creates a distinct opportunity to create dividends of high trust in those organizations, beginning with its management. Covey (2011) indicated the importance for managers to nurture a culture of belonging that integrates what the organization claims to believe and how it fundamentally behaves. This is a critical element in optimizing organizational performance. Levels of trust within an organization are often seen as positively related with levels of organizational effectiveness and performance (Schoorman et al., 2007). Given this positive relationship that seems to exist, it is important to understand how interpersonal trust relationship can be nurtured within an organization (Cho & Park, 2011). In order to explain this, one would need to understand the different types of trust within an organization.

2.4.2 Different types of trust

Of importance is to acknowledge the various types of trust. Research (Loon, 2007) indicated that there are basically three types of trust, being horizontal (trust between co-workers), institutional (trust between employees and organizations) and vertical (trust between employees and managers). Mayer et al. (1995) stated that horizontal trust is the willingness of an employee to be vulnerable to the actions of co-employees whose behaviour and actions they cannot control. Ellonen et al. (2008) stated that institutional trust is the trust that employees have in organization procedures, technologies, management, goals, visions, competence and justice. Vertical trust is where employees feel vulnerable because managers have substantial influence over resource allocation (Schoorman et al., 2007). Knoll and Gill (2011) indicated that managers would be in a position to make decisions that have a considerable impact on employees (for example where employees have to rely on their managers for work assignments, performance evaluations and promotions). The concept and different types of trust culminated in the different dimensions of trust, which will be discussed in the following section.

2.4.3 Different dimensions of trust

Trust is seen as a complex and multidimensional concept (Schoorman et al., 2007). In order to measure, understand and explain trust, it is imperative to identify the dimensions of trust. The following figure illustrates that trust have a vast variety of dimensions of which each dimension were researched extensively, as indicated in Figure 2.7 below.



Figure 2.7: Dimensions of trust, (Source: Seppanen et al., 2007)

For purposes of this study, the research refers to three primary dimensions, identified as benevolence, ability and integrity. Benevolence is the extent to which a trustee is believed to want to do good for the trustor, apart from any profit motives, with synonyms including loyalty, openness, caring, or supportiveness (Schoorman et al., 2007). Ability captures the knowledge and skills needed to do a specific job along with the interpersonal skills and general wisdom needed to succeed in an organization (Biswas & Varma, 2007). Integrity is the extent to which a trustee is believed to adhere to sound

moral and ethical principles, with synonyms including fairness, justice, consistency, and promise fulfillment (Schoorman et al., 2007).

Previous research (Chun & Rainey, 2005) compared public organizations to private organizations and found that the prevalence of red tape and goal ambiguity in public organizations often negatively influences attitudes of employees of public organizations, when compared to employees of private organizations. Red tape is any rule, process or procedure considered to create a compliance burden on citizens or employees. Organizational goal ambiguity is the extent to which an organizational goal or set of goals allows leeway for interpretation, when the organizational goal represents the desired future state of the organization (Chun & Rainey, 2005). To this effect, Wright (2004) suggested that the prevalence of goal ambiguity and red tape in public organizations makes employees feel less empowered, which in turn reduces their work motivation and job satisfaction and trust in their managers and organization.

Employees' trust in managers' ability to liberate their cognitive and attention resources would allow them to engage in more complex and cognitively demanding activities and to effectively perform more work. As a core result, this high level of trust would be key in positively influencing performance (Madjar & Ortiz- Walters, 2009). Managers within an organization will be in a position to create conducive conditions for fostering trust and as a consequence, be able to enhance the level of organizational performance and effectiveness (Möllering, Bachmann, & Lee, 2004). The research will focus upon vertical trust and the effects benevolence, integrity and ability employed by managers when they interact with employees (Dirks & Ferrin, 2002). The vertical trust relationship is explained in the following section.

2.4.4 Vertical trust

Three perspectives traditionally dominate trust research in the public sector (Bouckaert, 2012):

- First and most prevalent is the environmental perspective, which focuses on citizens' trust in the public sector;
- Second is the contrary notion of the public sector's trust in citizens;
- Finally, and what this research study entail, the internal organizational perspective focuses on trust within public organizations.

An elaboration on this vertical trust explained that an employee's trust in their manager can be seen as a form of interpersonal trust (Cho & Park, 2011). Thus, vertical trust is a two dimensional construct, where one dimension reflects an employee's interpersonal trust in their manager and the second dimension reflects an employee's institutional trust in their organization (Porumbescu et al., 2013). Cognizance also needs to be taken that conceptually, it may be possible for employees to trust their managers, but not their organization, or vice versa. Generally it may be possible to view both forms of trust as interrelated (Wright, 2004) but within the internal organizational perspective on trust, this study's core focus is vertical trust within public organizations. This refers to trust of public servants in their managers.

To this effect, levels of vertical trust within an organization are often linked with levels of organizational effectiveness and performance (Schoorman et al., 2007). Based on the positive link found to exist between levels of organizational trust and levels of organizational performance and effectiveness, research attempted to better understand how trust is created within organizations (Cho & Park, 2011). Through understanding the factors affecting trust within organizations, it is believed that managers within an organization will be better able to create conditions that are conducive to trust, thereby enhancing levels of organizational performance and effectiveness (Möllering et al., 2004). Vertical trust may often transpire when an employee favourably evaluates the

benevolence, ability and integrity of their manager and organization (Cho & Park, 2011). Given the link between performance and employee attitudes in public organizations suggested by previous research (Gould-Williams, 2004), there is a need to explore ways in which managers can positively affect employee attitudes for effective and efficient performance. In lieu of the above, building a sense of trust needs to be acknowledged as being a mutual and collective buy-in from the employee and management (Kroukamp, 2008).

Trustworthiness stems from a perception of the expertise, intentions, actions and words of the manager (Clark & Payne, 2006). It was further stated that an individual trusts someone else, when the second person is trustworthy (Caldwell & Hayes, 2007). As indicated with the dimensions of trust, trustworthiness is based upon the ability, benevolence and integrity (Mayer et al., 1995) of the person to be trusted and is closely linked to how management behaves (Gill et al., 2005). Although employees' behaviour may ignite management's behaviour towards employees, that same managers' personal attributes would dictate the manner in which those managers would behave towards employees (Lawal & Oguntuashe, 2012). The employee's trust in a manager may influence the way the employee perceives the manager and may likely affect the manager's behaviour (Seibert et al., 2004). Moreover, the positive influence of trust in the manager may likely be mitigated by the level of trust the manager may have in the employee (Seibert et al., 2004). What also need to be acknowledged is that the trustworthiness of the manager is an important moderator affecting loyalty to the manager (Deng & Wang, 2009). The more employees trust their manager, the more they are expected to be satisfied with the manager and display increased allegiance to the manager (Deng & Wang, 2009). Two recent meta-analyses found that trust in the manager is positively related to job performance and organizational citizenship behaviour which includes allegiance to the manager (Colquitt et al., 2007). The following figure demonstrates the effect of employees feeling trusted.

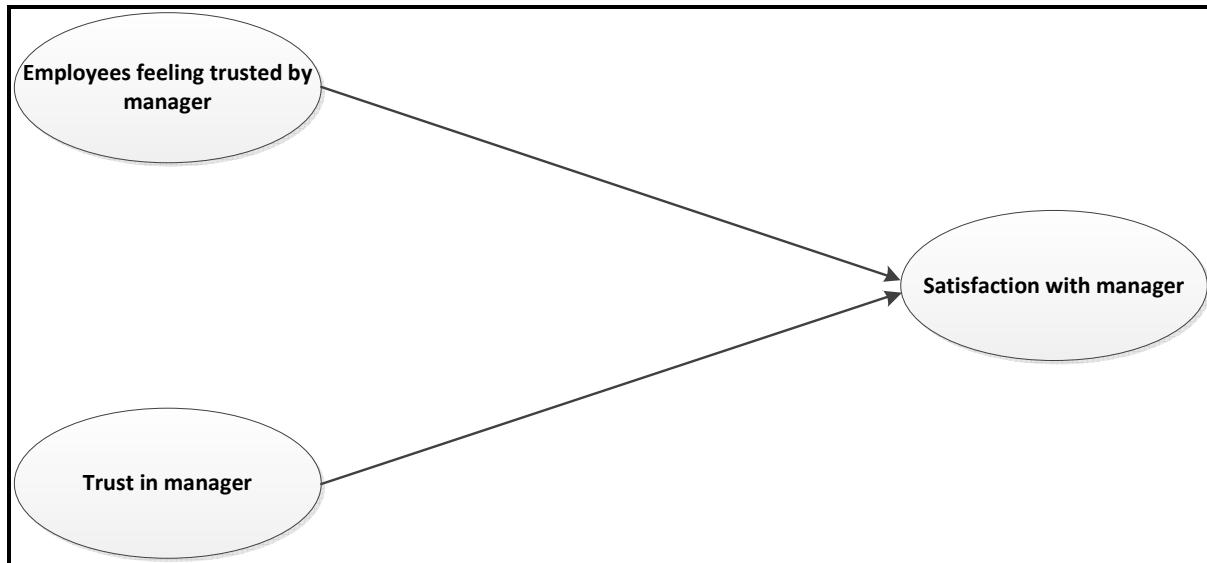


Figure 2.8: The effect of employees feeling trusted, (Source: Amended from Deng & Wang, 2009)

Research studies (Connell et al., 2003) focused on the impact of an employee's trust in management and what it would have on the employee's job performance. The study revealed that the ideology of fairness and human-oriented reflected from an organization's strategies and regulations all have an influence upon an employee's job satisfaction. Other researchers (Aryee et al., 2002) also acknowledged that when employees have trust in management, their organizational identity also increase, which encourage employees to be more effective and efficient in their jobs (Aryee et al., 2002).

It is believed that managers frequently have direct interaction with employees in their daily work environment (Paliszkievicz, 2012). This would suggest that supervisory support may be an important indicator of the quality of relationships between employees and management (Stinglhamber & Vandenberghe, 2003). This indicates that, when management expresses concern for their employees' well-being, assist them in career development, and value and appreciate their work, they would instill a motion to their employees that they are interested in a close and social relationship. In reaction towards managers' humility and to ensure a balance in their exchanges, employees will

feel appreciative and obliged to reciprocate the good deeds and goodwill of management (Stinglhamber & Vandenberghe, 2003). By doing this, they would demonstrate their trustworthiness and the gradual expansion of mutual services (Paliszkievicz, 2012).

2.4.5 Theoretical framework and hypothesis

Communication practices employed by managers are likely to directly and indirectly influence levels of vertical trust in public organizations (Cho & Park, 2011). Mayer et al. (1995) explained that the levels of trust within an organization can affect effectiveness and performance within organizations. Through understanding what factors effects trust in any organization, relies on the conducive environment which managers create in an organization that would influence trust. Mayer et al. (1995) developed an existing research measuring model which suggests that three major elements determine organizational trust: characteristics of the trustor, characteristics of the trustee and the perceived risk.

An element of this model focuses on three major factors that influence trustworthiness. Firstly, it is the ability or the competence which the trustee has in a specific area. The second factor relates to the benevolence, where the trustee has the willingness to do good for the trustor. Lastly, trustworthiness relates to the integrity which assesses the trustee's core set of values in order to guide behaviour as depicted in Figure 2.9 below.

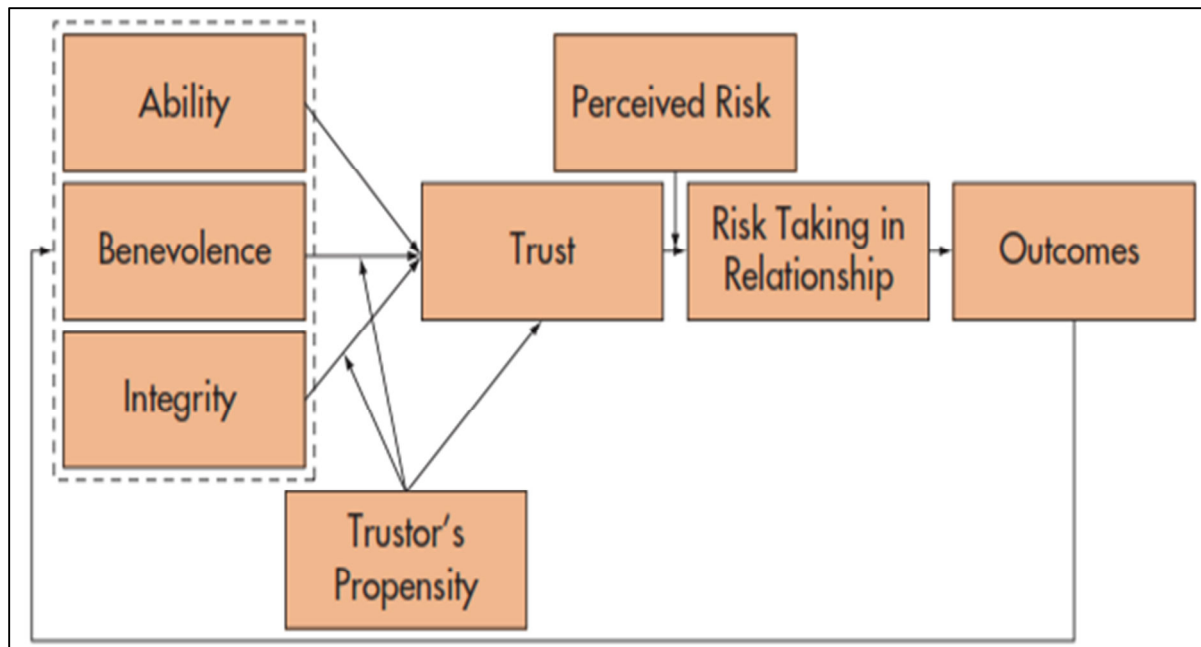


Figure 2.9: Factors of perceived trustworthiness, (Source: Mayer et al., 1995)

From the above figure, this research aims to build upon existing literature pertaining to trustworthiness (Porumbescu et al., 2013), by focusing on how certain factors may influence the employee's level of trust in the manager. A theoretical model tested by Porumbescu et al. (2013) will be revised in which five measuring instruments will be used in order to measure the vertical trust relationship between employees and managers. Vertical trust within public organizations is largely influenced by the manner in which managers communicate with employees and how employees' attitudes are relating to job satisfaction, employee empowerment and performance management (Garnett et al., 2008). Given the model of Mayer et al. (1995), this research will aim to add to the existing research by deriving and empirically testing a theoretical framework that can test the way vertical trust between managers and employees is influenced by certain factors or dimensions. As such, the derived conceptual model presented in Figure 2.10 below, demonstrates the direct relationships that this research intends to investigate.

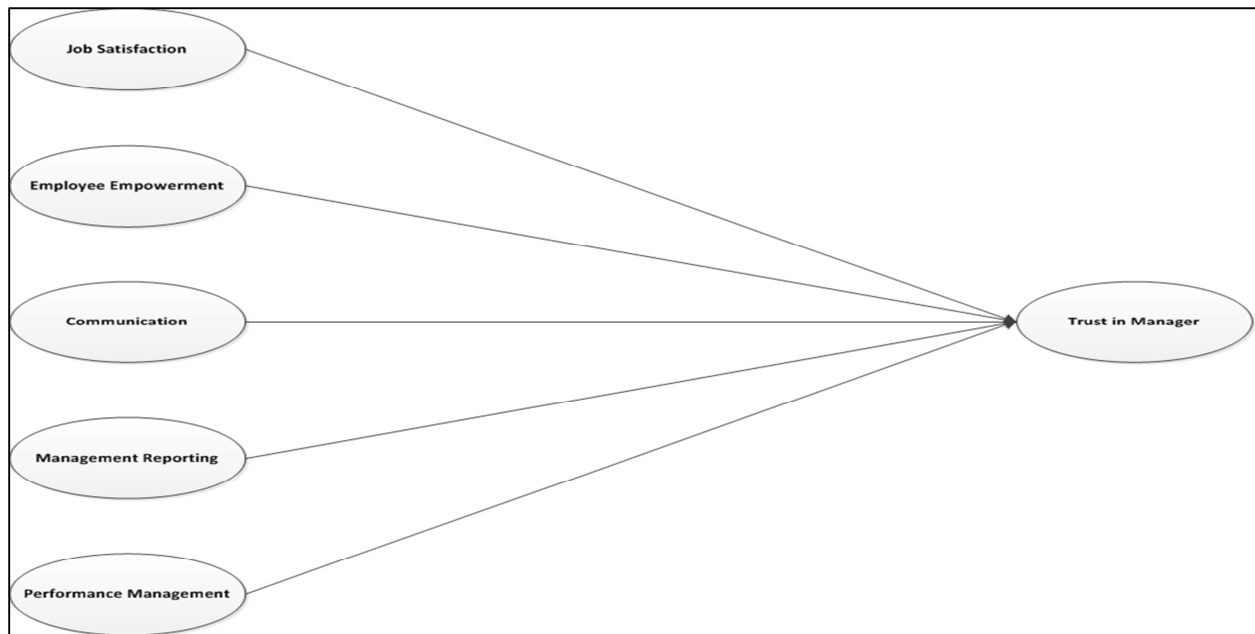


Figure 2.10: Theoretical framework, (Source: Amended from Porumbescu et al., 2013)

Explanations of the relationships suggested to exist between the concepts outlined in Figure 2.10, are provided in the following discussion. As previously stated, this research study will only focus on attitudes relating to job satisfaction, employee empowerment and management reporting and performance management. These dimensions outline the foundation of the questionnaire.

2.4.5.1 Interpersonal trust

The field of organizational behaviour found that positive assessments of the trustworthiness of the manager is strongly related to employees' perceptions of justice within the organization (Aryee et al., 2002; Dirks & Ferrin, 2002; Shockley-Zalabak et al., 2010). Employees' perceptions of justice within an organization can be divided into interrelated categories of interactional, procedural, and distributive. The study will only focus on interactional justice and relates to the manager and can be considered interpersonal (Porumbescu et al., 2013). Managers are believed to be conduit in which

an organization can affect employees' perceptions of interactional justice. This is explained as perceptions that procedures and processes of the organization are implemented by managers fairly (Porumbescu et al., 2013). With managers being able to increase employees' sense of interactional justice, it is widely found that employees in public organizations will frequently assume vulnerability in manager-employee relations (Kim, 2005). An employee's sense of interaction is normally built over an extended period, through constant interaction between the managers and employees (Shockley-Zalabak et al., 2010).

The argument can be raised that, in public organizations, employees' sense of interactional justice stems from the information employees have regarding the policies and processes of the organization, which in turn is a result of the way in which such information is communicated to them via managers (Porumbescu et al., 2013). This argument is based upon one fundamental assumption:

- From a perspective of interactional justice, the way in which information regarding the organization is communicated to employees by a manager, will influence perceptions of interactional justice, which in turn will influence employees' trust in managers.

From the above, interpersonal trust building is an interactive process in which individuals learn or unlearn to establish and maintain trustworthiness, under given organizational (contextual and structural) settings. The employees subject themselves to policies directly or indirectly, positively or negatively sanctioning the building of interpersonal trust (Paliszkievicz, 2012). Stable intentions for behaviour can be stimulated by durable policies and structures (Six & Sorge, 2008). For interpersonal trust to be built in long-term work relations, both individuals need to have their actions guided by a stable normative frame (Paliszkievicz, 2012). There are four operative conditions that play an essential role regarding interpersonal trust (Six, 2007):

- The suspension of opportunistic behaviour, or the removal of distrust;
- Exchange of positive relational signals;
- Avoiding negative relational signals, i. e., dealing with trouble;

- The stimulation of frame resonance, or the introduction of trust-enhancing organizational policies.

Six (2007) also indicated that, in order for an organization's management to promote interpersonal trust-building in the organization, a combination of three types of organizational policies can be effective:

- By creating a culture in which relationships are important and in which showing care and concern for the other person's needs is valued (relationship-oriented culture);
- Through normative control rather than bureaucratic control, because acting appropriately is the goal in normative control;
- Through explicit socialization to make newcomers understand the values and principles of the organization and how things are done in the organization.

2.4.5.2 Trust and communication

This research includes management reporting as a dimension which would stem from how communication is conducted within an organization. Previous literature related to public organizations has positively related characteristics of communication (Porumbescu et al., 2013). This include frequency and perceived quality, levels of employee performance and attitudes like work motivation, commitment, empowerment, job satisfaction, and interpersonal trust (Aryee et al., 2002; Wright, 2004; Cho and Park, 2011). Little research has questioned to what extent the direction of flows of information between supervisors and subordinates influence levels of vertical trust in public organizations (Porumbescu et al., 2013). The manner in which employees and managers communicates with each other is suggestive of the amount of trust instilled between them and may be indicative of the working environment in which they work.

Impersonal communication strategies view the employee as a passive receiver of information, suggesting that there is no tangible exchange of information (Porumbescu et al., 2013). In public organizations, such strategies have been found to result in a

lower quality relationship between managers and employees (Kroukamp, 2008). This is due to potential misunderstandings on the part of the employee which cannot be clarified. These misunderstandings may possibly hinder employees' sense of empowerment and job satisfaction, and thus increasing their sense of alienation (Wright, 2004). An impersonal communication strategy may also be poorly suited for the task of creating shared sense of understanding between employees and managers. This may be as a result of employees not been given any opportunity to discuss questions they may have regarding organizational practices or goals, which are generally ambiguous in the public sector. Impersonal communication is thus not expected to contribute to employees' perceptions of interactional justice (Aryee et al., 2002), and even hinder the creation of vertical trust.

Another form of communication is interpersonal communication, where managers and employees are both active in the exchange of information (Pandey & Garnett, 2006). Seemingly, this form of communication strategy may be conducive to higher quality relationships between managers and employees in public organizations. A greater exchange of information would enable employees not only to better understand organizational policies, goals, and processes by allowing them to ask questions to their supervisors, but also enable them to possess better knowledge with respect to what is expected of them on the job (Wright, 2004). Greater interaction between a manager and employee would likely enhance the employee's sense of interactional justice, as employees perceive their relationship with their manager as reasonable information (Porumbescu et al., 2013).

2.4.5.3 Job satisfaction and employee empowerment

Factors which are likely to mediate the relationship between an interpersonal communication strategy used by managers and levels of employees' vertical trust in public organizations relate to job satisfaction, empowerment, and job motivation (Porumbescu et al., 2013). These potential mediating factors have been linked with various forms of manager- employee interaction, information exchange and levels of

trust in managers (Aryee et al., 2002; Dirks & Ferrin, 2002; Cho & Park, 2011). First, the research consider employee job satisfaction to be a consequence of an interpersonal communication strategy employed by the manager, as well as an antecedent of employees' trust in their manager (Porumbescu et al., 2013).

2.4.5.3.1 Job satisfaction

Job satisfaction refers to the general attitude of an individual towards his or her work (Robbins, 2005). A person with high satisfaction would have a positive attitude towards the job while a dissatisfied person would express a negative attitude towards the job (Robbins, 2005). Job satisfaction is also described as a positive emotional condition resulting from the evaluation of one's work experience comparing to their individual expectations (Mathis & Jackson, 2001). Job satisfaction plays an important role for an employee because employees with job satisfaction usually have good reports for attendance, a lower employee turnover rate and better job performance than employees with job dissatisfaction (Dessler, 2005).

The research previously stated that higher levels of goal ambiguity and red tape in public organizations have been found to negatively impact the attitudes of public sector employees. An interpersonal communication strategy used by a manager is also likely to mitigate the negative impact of these features of public organizations on an employee's attitudes. This would mean that an interpersonal communication strategy would be positively related to employees' job satisfaction in public sector organizations (Porumbescu et al., 2013). With respect to the relationship between job satisfaction and trust in a manager, the study implies that, if a manager is successful in improving employees' levels of job satisfaction, employees' are also more likely to evaluate the ability, benevolence and integrity of their manager (trustworthiness) more positively. This will imply a positive relationship between job satisfaction and trust in the manager (Schoorman et al., 2007).

2.4.5.3.2 Employee empowerment

Empowerment concerns employees' sense that they are capable of meeting the demands of their work (Porumbescu et al., 2013). It is examined from relational and motivational aspects and can be regarded as a process in which managers share the power they have with their employees (Findikli et al., 2010). Feeling empowered, employees may start to play their part effectively which would, in effect, assist them to focus on goals, making them concentrate more on their roles, communicate with one another more effectively and act smoothly (Findikli et al., 2010). Individuals' need for power has its essence in an internal need for self-determination or feeling of self-efficacy. Having therefore addressed this need, employees can be motivated in such a way that they contribute to company goals more (Arslantaş, 2008).

Existing research (Wright, 2004) has empirically illustrated that employee empowerment among employees is strongly and positively influenced by job goal specificity, which is the opposite of goal ambiguity. Job goal specificity can be considered as the extent to which members of an organization understand the work they are charged to do (Porumbescu et al., 2013). Consequently, an employee's understanding of the work they do, will be linked to the information an employee has of that task, with a possible source for such information likely to be one's manager. In this regard, it is likely that interpersonal communication improves employees' knowledge of tasks and goals at hand, as it offers employees with greater opportunities to ask questions to their managers (Wright, 2004). This ability to ask questions would probably instill employees with the knowledge and confidence that they may resolve any problems that may arise, by communicating with their manager. Lastly and within a public organization, an employee's sense of empowerment is a significant requirement to their trust in the organization (Nyhan, 2000). In essence, employees who feel greater levels of empowerment are likely to feel that the manager values their contribution, which in turn instills employees with a feeling that they are valued by the manager (Findikli et al., 2010). Consequently, employees are likely to evaluate their manager more positively,

as the information afforded to employees by their manager is responsible for their improved sense of empowerment.

2.4.5.4 Relationship between trust and performance management

Performance management is an integrated process in which managers work with their employees to set expectations, measure and review results, and reward performance, in order to improve employee performance, with the ultimate aim of positively affecting organizational success (Den Hartog et al., 2004). This is needed to provide guidance to employees on how to apply their resources for the benefit of the organization (Sohrabi & Khan Mohammadi, 2007). Performance management is an effective performance management tool for measuring and improving productivity (Mani, 2002). The responsibility would be for the managers to communicate these policies and procedures to employees. Employee ability to participate in the design and development of organizational systems and policies, especially those that directly impact them, is a key component of success (Mani, 2002).

Managers attempts to improve human performance through establishing performance management systems and represents practical mechanism of performance improvement through holding necessary training for employees. They further attempt to establish frequent meetings for assessing of the employees' performance by managers and also represents some recommendations to employees. This continuous process improves the efficiency and effectiveness of the whole system in the long run and as a result, increases total efficiency (Kargar, 2009). From the above, the performance management process can be seen as a continuous cycle with three main elements. This includes planning (designing best practices which include informal mentoring, reviewing the courses of development in job accountability and behaviours), reviewing and evaluation (the review and the way in which they explain about what they have done and presenting corrective suggestions in development of organization programs (Sohrabi & Khan Mohammadi, 2007).

Within the holistic view of performance management, a significant problem pertaining to performance management was identified (Fryer et al., 2009). This involves the predominantly softer people issues and their involvement in the performance management system, inter alia multiple stakeholders, a lack of employee involvement, gaming and lack of involvement of the whole organization, including insufficient support from higher levels of management or decision makers (Fryer et al., 2009). Hence, for performance management to have a positive effect on achieving high trust between managers and employees, it would largely be influenced by the extent to which employees perceive performance management to be fair. This would include employees' involvement in setting objectives, having frequent opportunities to discuss performance and receive feedback, and having influence over personal career development (Farndale & Hope-Haily, 2010).

A research study (Interaction Associates, 2009) focused on the trust relationship between managers and employees and the influence this relationship would have on the organization's performance. This will be discussed in the following section.

2.4.6 The effect of trust: better performance in the workplace

A worldwide research study in 2009 (Interaction Associates, 2009) was conducted and found that vertical trust within high-trust organizations had more effective management and better collaboration at all levels of the organization. It found that such organizations have (Interaction Associates, 2009): a strong sense of shared purpose to succeed; employees who work together to support that purpose; to nurture a working environment in which tolerance and cooperation are highly valued; managers who coach rather than just manage; and a sense of belonging where people collectively participate in making decisions.

It further revealed that such organizations excelled, as compared to their low-trust peers, at showing (Interaction Associates, 2009): organizational behavior consistent

with their values and ethics (85 percent vs. 46 percent); a tendency where organizations retaining employees (80 percent vs. 42 percent); and organizations whom attract, deploy and develop talent (76 percent vs. 24 percent) as indicated in the figure below.

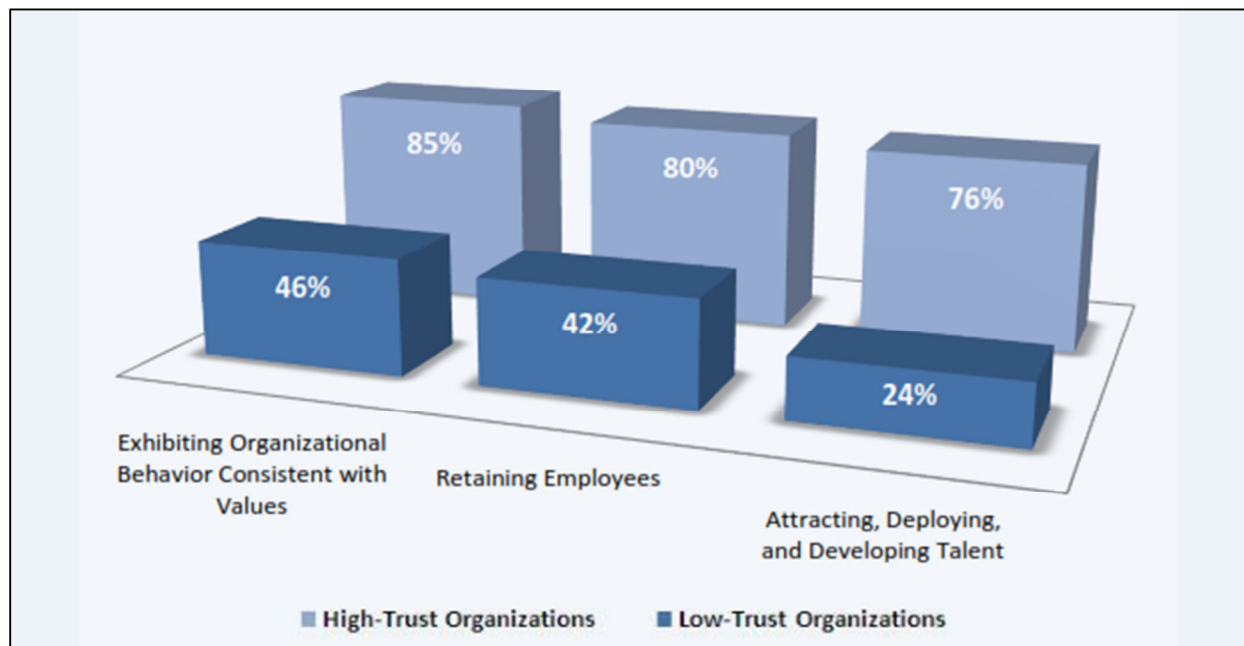


Figure 2.11: Areas of excellence in high- trust organizations, (Source: Interaction Associates, 2009)

The study further implicated that, if trust increases profitability, then the lack of trust lowers productivity, job satisfaction and increases employee turnover (Interaction Associates, 2009). With all the benefits of having trust in an organization, the notion of creating and maintaining it would be a high priority for management. Unfortunately, many managers find it difficult to embrace the top-down model of management that adheres to the perception that authority creates trust but what need to be understood is that in reality, trust creates authority (Hitch, 2012).

2.4.6.1 The trust in managers and link to performance

It is important to acknowledge that relationships at work tend to be more formal in nature, especially where managers have the delegation of authority whereby they have the mandate to make decisions (e.g. promotions, salary increases, etc.) and provide support to employees to effectively do their job. According to past research and theory of human information processing, employees who trust their managers will be able to focus more attention on the tasks at hand, will not be overly concerned or distracted by uncertainty and may be willing to take on more risks (Mayer & Gavin, 2005). These intricate behaviours are expected to make employees to work more, produce exceptional quality of work and feel more comfortable engaging in behaviours that put them at risk, such as suggesting a sense of empowerment to achieve daily job responsibilities- and targets (Mayer et al., 1995). This is indicative of the fact that employees with high levels of performance need to trust their managers and believe that managers will provide the necessary resources, support and backing for effectively doing their daily job (Mayer & Gavin, 2005). Contrary, employees' lack of trust in managers will distract employees' attention from the activities they are obliged to perform and will allow less cognitive resources to be devoted to effectively performing their work (Mayer & Gavin, 2005).

2.5 Summary

This brief review of the literature shows that the vertical trust relationship between managers and employees is an important backbone of any credible organization and research indicate that low levels of vertical trust experienced by employees do have numerous negative implications for managers and organizations. Despite the importance of vertical trust to an organization's effective functioning, little recent published empirical studies seem to be available within the South African context for local governments. The current study aims to make a contribution towards addressing this need.