



NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT
POTCHEFSTROOM CAMPUS

MINI-DISSERTATION

MBA 2011/12/13

C FRANSMAN

STUDENT NUMBER: 11959010

**AN ASSESSMENT OF PUBLIC SERVANTS' TRUST IN MANAGEMENT WITHIN A
LOCAL MUNICIPALITY**

A mini-dissertation submitted to The Potchefstroom Business School, North West University, in partial fulfillment of the requirements for the degree of Master of Business Administration

15 November 2013

Cellular: 082 364 1988

Email: cuan.fransman@fic.gov.za

Promoter: Professor Ronald Lotriet

Tel: 018 299 1415/19

Email: Ronnie.Lotriet@nwu.ac.za

DECLARATION

I declare that this research is my own, unaided work. The research is submitted in partial fulfillment of the requirements of the degree of Master of Business Administration at Potchefstroom Business School, Northwest University. It has not been, according to my knowledge, submitted before for any degree or examination in any other university.

Cuan Fransman

Date

ACKNOWLEDGEMENTS

First and foremost I would like to thank my supervisor, Professor Ronald Lotriet, for his constant and invaluable support throughout a very challenging year and to enable myself to submit a mini- dissertation of which I am proud of. Your contribution in this regard was dearly appreciated.

I would like to express my sincerest appreciation to my statistician, Professor Faans Steyn, at the Statistical Consultation Services, Northwest University. You were dedicated in guiding me through the statistical interpretation in order to assess key findings that lay in my data.

In addition, I would also like to mention the invaluable guidance and assistance received from Doctor Keith Arnolds, Senior Lecturer in Education at the Nelson Mandela Metropolitan University. Your valued experience in language editing and willingness to assist was dearly appreciated.

A special thank you is offered to the following individuals:

- Natalee Petersen, an undergraduate student employed at the category B municipality which assisted me. I would not have been able to complete and submit this mini- dissertation without your generous assistance as internal coordinator.
- The executive management of the category B municipality for allowing me to conduct my post- graduate research at the municipality.
- All the employees of the category B municipality who took the time to complete the questionnaires.

Finally, I would like to thank my family and friends for their continued interest, encouragement and support during this challenging time. You gave me the strength and perseverance to complete this mini- dissertation and to help me realize that anything is within my grasp if I set my mind to it.

ABSTRACT

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-economic upliftment against issues like poverty and underdevelopment because government policy requires municipalities to play a developmental role. Taking cognizance of the transformational changes within the South African government, the local government, within its three categories, inherited growing responsibility for basic service delivery. This was 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). 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 prioritise local needs, determine adequate levels of services and allocate necessary resources to the public (COGTA, 2009c).

The role of local government in, amongst other things, is to promote a better life for all by creating jobs, alleviating poverty, which is imperative in achieving a prosperous civilization. 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. Thus, local government is the key site of delivery and development and is central to the entire transformative project of the new South Africa. 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. The

test would be to see how the municipal employees' perception of trust influences the trust relationship between employees and managers in the local government sphere.

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 relationship 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 research focused on the performance of a Category B municipality 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 accolade due to continuous improvements in service delivery over the last few years. Five dimensions were examined by conducting a survey in order to establish the perceptions of municipal employees relating to the dimensions of job satisfaction, employee empowerment, communication, management reporting and performance management. These perceptions were assessed by interpreting the responses of (N = 205) respondents from the Category B municipality.

The main finding was that the respondents were very negative towards how they experience the five dimensions within the Category B municipality. Based on the internal consistency of the five dimensions, the results of the research were of concern as a significant part of the respondents portrayed some sort of animosity towards how they perceived and responded to the statements. This is contrary to the Category B

municipality's continuous and improved financial performance and non-existent service delivery protests, as compared to other municipalities within the geographical area of the Western Cape. This research highlighted that, although the attitudes towards most of the statements were negatively experienced by the respondents, the Category B municipality still managed to get accolades for continuous and improved financial performance and non-existent service delivery protests. The revelations from the respondents highlight a sense of effective and efficient performance by the category B municipality with a mainly negative workforce. This poses a concern as to the proposition of this research in terms of how significant the role of such trust between affected parties play within the dynamics of this Category B municipality. The primary reason for this observation relates to the researcher's view that it has become critical for management to get personally involved in managing the emotional part of its employees, in order to ignite a sense of belonging to the municipality where employees will put renewed emphasis on the trust towards all levels of the organizational hierarchy.

It can be concluded that, in order for vertical trust to be of significance within the dynamics of this Category B municipality, the concept of vertical trust relationship can be nurtured by employing a working environment based on mutual respect, dignity, cooperation and honest communication.

KEYWORDS: Vertical trust, Job satisfaction, Employee empowerment, Communication, Employee management reporting, Performance management

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
KEYWORDS	vi
TABLE OF CONTENTS	vii
LIST OF APPENDICES	x
LIST OF FIGURES	xii
LIST OF TABLES	xiv
LIST OF TERMS AND DEFINITIONS	xv
LIST OF ABBREVIATIONS	xix

CHAPTER ONE: INTRODUCTION.....	1
1.1 Introduction	1
1.2 Background.....	1
1.3 Problem statement.....	5
1.4 Scope of the study.....	9
1.5 Objectives of the research	10
1.5.1 Primary Objectives.....	10
1.5.2 Secondary objectives.....	11
1.6 Research methodology.....	11
1.6.1 Research design.....	11
1.6.2 Type of sample	12

1.6.3 Measuring instrument	13
1.6.4 Data analysis	14
1.7 Limitations of the research	14
1.8 Ethical considerations	15
1.9 Contribution of the study	15
1.10 Layout of the research.....	16
1.11 Summary	17
CHAPTER TWO: ASSESSING PERCEPTIONS OF PUBLIC SERVANTS' TRUST IN LEADERSHIP	18
2.1 Introduction	18
2.2 Local government structure in South Africa	19
2.2.1 Brief overview and the transformational process.....	20
2.2.2 The present system of local government in South Africa	22
2.2.3 Service delivery challenges faced by municipalities	28
2.2.4 Local government functionality and institutional performance	31
2.2.5 The case for building a strong local government sphere	37
2.3 The case of a Category B municipality	39
2.4 Trust: A theoretical perspective	45
2.4.1 Trust as a concept.....	45
2.4.2 Different types of trust	48
2.4.3 Different dimensions of trust.....	48
2.4.4 Vertical trust	51
2.4.5 Theoretical framework and hypothesis.....	54

2.4.6 The effect of trust: better performance in the workplace	63
2.5 Summary	65
CHAPTER THREE: RESEARCH METHODOLOGY	66
3.1 Introduction	66
3.2 Research methodology	67
3.2.1 Research strategy	68
3.2.2 The research population and sample	68
3.2.3 Research design	71
3.2.4 Research method.....	72
3.2.5 Data collection	77
3.2.6 Data capturing	79
3.2.7 Data and statistical analysis	79
3.2.8 The reliability scale.....	81
3.2.9 Analysis of standardized differences and correlation	82
3.2.10 Pilot testing of the questionnaire	85
3.2.11 Ethical considerations	86
3.3.12 The response rate	87
3.3 Findings of the empirical investigation.....	88
3.3.1 Biographical information of the respondents	88
3.3.2 Internal reliability of the measuring instruments	92
3.3.3 Findings of responses to items within Section B to Section F of questionnaire ..	96
3.3.5 Statements with high level of “Strongly Disagree” responses	108
3.3.6 Statements with high level of “Disagree” responses.....	109

3.3.7	Statements with high level of “Agree” responses	110
3.3.8	Statements with high level of “Strongly Agree” responses	111
3.3.9	Effect sizes indices for heterogeneous variances.....	112
3.3.10	The linear relationship between job satisfaction, employee empowerment, communication, management reporting and performance management.....	122
3.3.11	Findings from the open-ended questions	123
3.4	Summary.....	128
CHAPTER 4: SUMMARY AND RECOMMENDATIONS		129
4.1	Introduction.....	129
4.2	Main research findings	130
4.2.1	Conclusion of the empirical findings	131
4.2.2	The categorization of biographical variables into groups in order to compare how those groups perceived the five dimensions.....	136
4.2.3	The relationship between job satisfaction, employee empowerment, communication, management reporting and performance management.....	139
4.2.4	The internal reliability of the five dimensions	140
4.2.5	The open-ended questions	141
4.3	Recommendations to the Category B municipality	142
4.4	Recommendations for future research.....	145
4.5	Limitations of this research	145
4.6	Evaluation of the research study.....	146
4.7	Conclusion	149
REFERENCES.....		150

APPENDICES	164
Appendix A: Questionnaire to test vertical trust in a Category B municipality.....	164
Appendix B: Details of internal consistency of each dimension scale.....	173
Appendix C: Frequencies and means of responses to statements.....	177
Appendix D: Statements with the most responses.....	202
Appendix E: Effect sizes of how employees with various years of employment perceived the five dimensions.....	206
Appendix F: Effect sizes of how respondents in various departments perceived the five dimensions.....	208
Appendix G: Effect sizes of how respondents in various salary levels perceived the five dimensions.....	211

LIST OF FIGURES

Figure 2.1: Average number of protests per month, 2007 – 2011.....	29
Figure 2.2: Provincial breakdown of the Auditor General’s consolidated general report on Local Government audit outcomes, 2010-2011.....	34
Figure 2.3: Protests by province – February 2007 to May 2010.....	40
Figure 2.4: Reasons for protests in South Africa- February 2007 to May 2011.....	41
Figure 2.5: Protests by district in the Western Cape -February 2007 to May 2011.....	42
Figure 2.6: Province’s five- year progress towards financial unqualified audit opinions.....	43
Figure 2.7: Dimensions of trust.....	49
Figure 2.8: The effect of employees feeling trusted.....	53
Figure 2.9: Factors of perceived trustworthiness.....	55
Figure 2.10: Theoretical framework.....	56
Figure 2.11: Areas of excellence in high- trust organization.....	64
Figure 3.1: Data collection process.....	77
Figure 3.2: Age of respondents.....	88
Figure 3.3: Gender of the respondents.....	89
Figure 3.4: Amount of years employed by Category B municipality.....	89
Figure 3.5: Departments where respondents are employed.....	90
Figure 3.6: Salary level of respondents.....	90
Figure 3.7: Level of Education/ Qualification.....	91

Figure 3.8: Amount of managers which participated.....	91
Figure 3.9: Amount of Respondents spending most of the time out of office.....	92
Figure 3.10: Statements with high frequency of “Strongly Disagree” responses.....	109
Figure 3.11: Statements with high frequency of “Disagree” responses.....	110
Figure 3.12: Statements with high frequency of “Agree” responses.....	111
Figure 3.13: Statements with high frequency of “Strongly Agree” responses.....	111
Figure 4.1: Results for internal reliability.....	140

LIST OF TABLES

Table 1.1: Employment profile for the Category B municipality.....	12
Table 2.1: Three categories of municipalities in South Africa.....	25
Table 2.2: National grants to local government, 2009/10 – 2015/16.....	32
Table 2.3: Auditor General’s consolidated general report on local government audit outcomes, 2010 – 2011.....	33
Table 3.1: Summarized financial audit outcomes between 2007 – 2012.....	69
Table 3.2: The response rate.....	87
Table 3.3: Cronbach’s Alpha coefficient scores for measures of vertical trust.....	93
Table 3.4: Item- total correlation and Cronbach’s Alpha coefficient scores of communication as a vertical trust dimension.....	95
Table 3.5: Effect sizes for gender.....	113
Table 3.6: Effect sizes for age groups.....	114
Table 3.7: Effect sizes of how respondents with different qualifications perceived those dimensions.....	118
Table 3.8: Effect sizes between managers and employees and how they perceived those dimensions.....	119
Table 3.9: Effect sizes of employees who spend most of their time out of office as opposed to being in the office.....	121
Table 3.10: Correlation matrix between the five vertical trust dimensions.....	122

LIST OF TERMS AND DEFINITIONS

Clean Audit Outcome:

The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation (Auditor General of South Africa, 2013).

Financially Unqualified Audit Opinion:

The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects (Auditor General of South Africa, 2013).

Qualified Audit Opinion:

The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially

misstated (Auditor General of South Africa, 2013).

Adverse Audit Opinion:

The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements (Auditor General of South Africa, 2013).

Disclaimer of Audit Opinion:

The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements (Auditor General of South Africa, 2013).

Unskilled level (T1 – 3):

This skills level is that which is developed with a limited amount of training. The learning period is short and usually consists of following instructions or watching demonstrations of the work to be done (Deloitte., 2009).

Semi-Skilled Level (T4 – 8):

At this level there is a certain amount of discretion or judgment involved. It therefore follows that additional training/ experience/ practice is needed following the initial training period. Skills are required through a learning period and developed by constant application and correction until operations become routine (Deloitte., 2009).

Skilled Level (T9 – 13):

This level of skill is usually reached after years of experience and/ or training. This level is such that routines which have been learned can be used or varied to achieve the desired result. The ability to recognize cause and effect is necessary (Deloitte., 2009).

Middle Management level (T14 – 18):

This level of skill requires conceptualization of future actions or needs in order to formulate short to medium term plans for or within a discipline or function. Advice, management or tactical use of resources specific to the job is features at this level (Deloitte., 2009).

Senior Management level (T19 – 20)

This level of skill requires formulation of strategic direction as well as the underlying organizational policy in order to set plans for major functions/ disciplines and/ or the organization as a whole. The ability to deal with new situations at the level of major functions/ disciplines/ together with the business risk factors impacting the organization and/ or the business environment, is essential (Deloitte., 2009).

LIST OF ABBREVIATIONS

COGTA: Department of Cooperative Governance and Traditional Affairs

DPLG: Department of Provincial and Local Government

IDP: Integrated Development Planning

LED: Local Economic Development

LGTA: Local Government Transition Act

MFMA: Municipal Finance Management Act

SALGA: South African Local Government Association

TAS: The Local Government Turnaround Strategy