

## EMPLOYEE PERFORMANCE, LEADERSHIP STYLE AND EMOTIONAL INTELLIGENCE: AN EXPLORATORY STUDY IN A SOUTH AFRICAN PARASTATAL

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**Purpose:** The purpose of this research is to explore the relationship between employee performance, leadership style and emotional intelligence in the context of a South African parastatal.

**Problem Investigated:** There is a lack of literature and empirical research on the type of leadership required to achieve high levels of employee performance within South African parastatals.

**Methodology:** The Multifactor Leadership Questionnaire (MLQ) was used to determine leadership style, while the Emotional Competency Profiler (ECP) was used to determine the emotional intelligence of the sample of leaders. Employee performance data was provided by the parastatal, based on their performance management system. Data was analysed using correlation analysis, multiple regression analysis, the standard regression ANOVA/F-test, t-tests and Cronbach alpha reliability coefficient.

**Findings:** The findings of the research show that the ECP is a reliable measure of emotional intelligence and that while the MLQ is a reliable measure of transformational leadership, it is not a reliable measure of transactional leadership. The results of the correlation analysis show a positive significant relationship between emotional intelligence and transformational leadership and a negative significant relationship between employee performance and emotional intelligence. The results of regressing employee performance on emotional intelligence and transformational leadership show that emotional intelligence and transformational leadership have no significant effect on employee performance. The results of the regression models of the research could be biased by the lack of variance in employee performance data.

**Value of the Research:** The value of the research lies in it confirming the MLQ as a reliable measure of transformational leadership and the ECP as a reliable measure of emotional intelligence. The finding of a positive significant relationship between emotional intelligence and transformational leadership is a valuable contribution to the literature.

**Conclusion:** Although a positive significant relationship between emotional intelligence and transformational leadership was found, there is a need for further research to determine the type of leadership best suited to achieve high levels of employee performance within the parastatal.

**Key words and phrases:** Employee performance, emotional intelligence, transactional leadership, transformational leadership, parastatal.

### INTRODUCTION

A parastatal is defined as an organisation or agency owned, or controlled wholly or partly by the government (Cullen, Gilmour & Holmes, 2005). The South African government's strong role in shaping the economy resulted in a large number of parastatals, or state corporations, being established in the 1920s. Their primary goal was to strengthen import-substitution industries and to expand the local economy (Nwankwo & Richards, 2001). Parastatals had to be set up to fill such vacuums especially in areas like steel production, fertilizer manufacturing, air transport and other public utilities, education and health services (Nwankwo & Richards, 2001). Such state-owned companies though rarely make a reasonable return on investment and historically have not performed efficiently enough to ensure their existence without continued state subsidy (Adam, Cavendish, & Mistry, 1992 and Nwankwo & Richards, 2001).

With leadership being regarded as instrumental in determining "... the returns that organisations realise from their human capital, or human resources" (Charlton, 1993:9), the poor performance of