THE IMPACT OF LEADERSHIP STYLES ON EMPLOYEE ENGAGEMENT IN
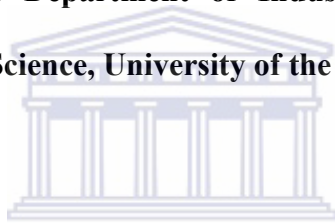
A LARGE RETAIL ORGANISATION IN THE WESTERN CAPE

WENDY OLIVER

Mini-thesis submitted in partial fulfillment of the requirements for the degree of Magister Commercii in the Department of Industrial Psychology, Faculty of Economic and Management Science, University of the Western Cape

SUPERVISOR: RUKHSANA JANO

NOVEMBER 2012

DECLARATION

I hereby declare that the "The impact of leadership styles on employee engagement in a large retail organisation in the Western Cape" is my own work, that it has not been submitted for any degree or examination at any other institution of higher learning and that all the sources I have used or quoted have been indicated and acknowledged by complete references. It is being submitted for the degree of Magister Commercii at the University of the Western Cape.

Full Name: Wendy Oliver

Date: November 2012

Signed: ....

ACKNOWLEDGMENTS

To the one and only God, Jesus Christ, thank you for your grace and loving-kindness that has carried me through a challenging year. The completion of this thesis would not have been possible without your daily strength. You are the Oasis of my life.

To my dear parents, Donald and Glenda Oliver, thank you for believing in me and always cheering me on in life. Your love and support has made me the person that I am. Your wisdom and sacrifice to educate me will carry on for generations to come.

Then, to the special ladies in my life that have carried me in their prayers namely, Sandy Corneilse, Candice Booysen and Abigail Milton, you are undeniably worthy of being mentioned. My brother, Lindsay Oliver, the rest of my family, all my friends and supportive colleagues, you are loved.
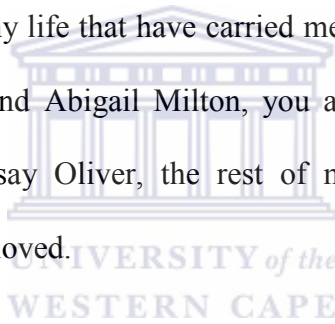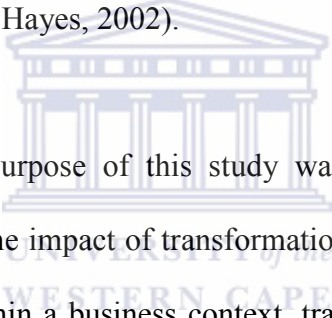
To my supervisor, Rukhsana Jano, for your expert guidance and support, thanks for encouraging me to complete this thesis.

To Karl Heslop, for believing in my ability and being a voice when it was most needed, you are a blessing to us all.

Lastly, a big thank you to the HR Department of this organisation for the consent granted to conduct the research and for all the respondents that kindly participated.

ABSTRACT

In today's ever-changing, globally-competitive and volatile market, leadership is probably one of the most significant contributors that determine the success or failure of an organisation. Fundamental to this, is the way in which leaders are able to engage their employees. Employee engagement has therefore emerged as a critical topic which can be defined as a positive and fulfilling work-related state of mind characterized by vigour, dedication and absorption (Schaufeli & Bakker, 2004). Research indicates its significance to positive work outcomes such as high productivity levels, increased job satisfaction, low turnover and overall improved business results that all ultimately contributes toward bottom line (Harter, Schmidt & Hayes, 2002).

To gain further insight, the purpose of this study was to investigate the impact of leadership styles, particularly the impact of transformational and transactional leadership on employee engagement. Within a business context, transformational leaders are those "extraordinary" individuals that have the ability to capture their employees' attention, intellectually stimulate them and strategically align them with the vision and mission of the organisation. Contrary to this, is transactional leadership which is basically an exchange relationship between the leader and employee whereby the leader exchanges rewards and/or incentives for performance. Both styles of leadership are instrumental in engaging employees within the organisation, although a plethora of literature suggests that transformational leadership impacts more significantly on employee engagement (Schaufeli & Bakker, 2004).

For this study a quantitative research design was applied using a sample of 104 employees in a retail organisation that all had someone they reported to. Participants were requested to complete the Multifactor Leadership Questionnaire, the Utrecht Work Engagement Scale and a biographical questionnaire. Pearson correlations were computed to investigate the relationship between the variables.

Results indicate that there is a statistically significant relationship between both leadership styles and the overall dimensions of employee engagement (namely, vigour, dedication and absorption). Transactional leadership however, did not have a positive influence on vigour. Comparing the two leadership styles, transformational leadership played a greater role in predicting employee engagement as opposed to transactional leadership.
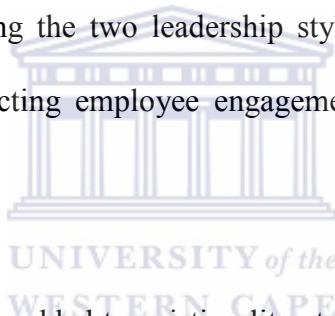
In light of the above, this study added to existing literature by providing insight into the strength and direction of relationships amongst these variables. Furthermore, it also provides valuable information for organisational leaders seeking to engage their employees. Limitations and recommendations of this study also present insights into the possibilities that could be explored for future research.

KEY WORDS
Transformational leadership, transactional leadership, employee engagement, vigour, dedication, absorption, inspirational motivation, idealised influence, individual consideration, intellectual stimulation
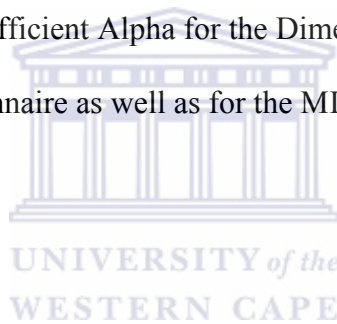
LIST OF FIGURES

LIST OF TABLES

UNIVERSITY of the
WESTERN CAPE

TABLE OF CONTENTS

CHAPTER 3: RESEARCH METHODOLOGY

CHAPTER 4: PRESENTATION OF RESULTS

CHAPTER 1

INTRODUCTION AND PROBLEM STATEMENT

1.1   INTRODUCTION

The study of leadership and its impact on employee engagement is becoming increasingly essential if organisations want to gain and sustain a competitive advantage in today's global economy (Macey & Schneider, 2008). Having an engaged workforce is vital as research indicates that engaged employees help organisations reap benefits such as increased efficiency, higher levels of customer satisfaction, higher productivity and lower turnover rates (Buhler, 2006).
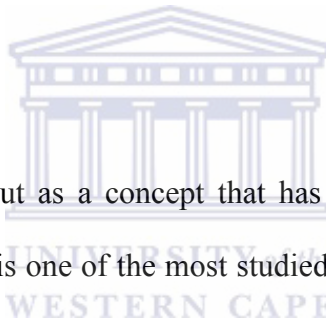
Leadership has been singled out as a concept that has attracted the attention of many scholars over the past years. It is one of the most studied fields in the social sciences and carries weight in every walk of life related to business, politics, education and religion etcetera. According to Bass (1990, p. 11), "there are almost as many different definitions of leadership as there are persons who have attempted to define the concept." Leadership is therefore a complex construct that cannot be defined in two or three lines. Despite various definitions, the theoretical basis of leadership is that it is a process whereby one individual has the ability to influence a group of individuals to achieve a common goal. Kouzes and Posner (2007) describe it as an interaction between two or more people that result in some kind of action leading to an output to satisfy a set agreement or criteria.

In the past, leadership approaches ranged from the trait to behavioural to the situational theory, also known as the contingency theory (Bass & Riggio, 2006). The trait approach suggested that leaders were special people born with certain social traits that made them great leaders (Mann, 1959; Stogdill, 1948), the behavioural approach assessed leadership in relation to the way an individual behaved (Blake & Mouton, 1964) and the situational approach focused on looking at the leader in conjunction to situational factors before determining whether an individual was a leader or not (Fiedler, 1967; Hersey & Blanchard, 1977).

The focus of leadership research had however, made a great shift to the full range leadership approach which is now recognized as the most suitable style of leadership in contemporary organisations of the 21st century (Bass & Riggio, 2006). This theory encompasses three leadership dimensions namely, transformational, transactional and laissez-faire leadership styles. Essentially, transformational leaders are known to stimulate followers to go beyond their own self-interest and instead work toward the greater good of the organisation. They do this by positively influencing their employees' motivational, morality and empowerment levels. Transactional leaders monitor and control employees through economic means based on their performance and laissez-faire leaders are known to relinquish all power and use no particular leadership style to lead their employees (Bakker, Demerouti & Schaufeli, 2003). Organisational leaders, particularly those that practice a transformational leadership style, have the remarkable ability to motivate and encourage employees to be and give their best. These leaders positively influence their employees to work toward reaching the established vision and

objectives of the business (Nortje, 2010). Managers and supervisors that endorse transformational leadership styles are therefore those that will cause fundamental step-changes and shift paradigms in order to drive the business forward. Transformational leadership is therefore crucial for advancing organisations as these leaders inspire employees towards the vision and role model the attitude and behaviours expected of employees (Nortje, 2010).

Employee engagement is an important concept for organisations because it predicts productivity, job satisfaction, motivation, commitment and low turnover intention (Bakker, Demerouti et. al., 2003; Bakker, Schaufeli, Leiter & Taris, 2008). According to Nortje (2010, p. 19), "the Corporate Leadership Council defines employee engagement as the extent to which employees commit to something or someone in the organisation, how hard they work as a result of this commitment and how long they intend to stay within an organisation." Employee engagement can also be postulated as "a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption" according to Schaufeli, Salanova, González-Romá and Bakker (2002, p. 74).

With globalisation, unpredictable economic trends and customer needs that are continually changing, talent managing and retaining employees have become extremely challenging over the past decade. Diverse workforces with Generation Y, Generation X and Baby Boomers all active in the organisation concurrently with various values, belief-systems and expectations of success also make the engagement of employees more complex. Leaders therefore have a huge role in motivating and encouraging these

employees to be and give their best. Subsequently, leadership must be recognized as a vital component in the effective management of employees (Liu, Lepak, Takeuchi, & Sims, 2003) as it is one of the single biggest elements contributing to employee engagement in the workplace (Macey & Schneider, 2008; Wang & Walumbwa, 2007).

Studies show that transformational leadership is positively related to work engagement and that it is these leaders that are able to motivate employees to become more engrossed in their work. As a result this leads to higher levels of job satisfaction, commitment of employees and increased productivity within organisations. Understanding leadership and its impact on the engagement of employees has therefore become of utmost importance irrespective of management/supervisory levels as it has been found that even first-line supervisors within an organisation will directly affect the engagement of its employees (Gibbons, 2006).
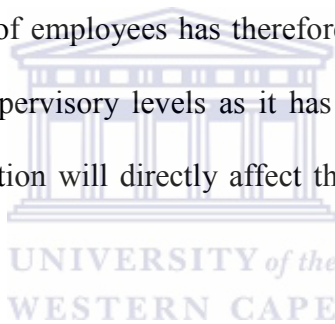
1.2   MOTIVATION FOR THE STUDY

The value proposition of this organisation is being able to offer customers the widest range of branded products at very competitive prices as they operate on a high-volume low-cost model. Operating on a national scale in more than 120 stores, this organisation acknowledges customers to be the lifeblood of their business and therefore strives to offer excellent customer service through effective leadership with passionate and engaged employees. In all studies of drivers of engagement, studies unequivocally postulate that nobody impacts the state of engagement more that the employee's immediate leader (Nortje, 2010). The most important contributor to the feelings of employee engagement is

based on the relationship that employees have with their first-line managers. Managers that are able to form and maintain meaningful relationships with their employees and emotionally connect employees to their organisations by showing them the link between what they do and how they significantly impact the organisation is critical for engaging employees. When first-line managers are able to emphasize the significant connection between an employee's key responsible areas and the organisation's strategy, employees feel that their work is truly of value, not only to themselves but also to their peers, managers and the organisation itself. This often leads to greater levels of job satisfaction, psychological commitment and emotional engagement (Nortje, 2010). These factors will consequently positively influence the service offerings within this organisation.

Dvir, Eden, Avolio and Shamir (2002) scientifically tested the effect that leaders have on their followers. In relation to leadership styles, they found that it was transformational leaders that had a direct effect on their follower's sense of awareness and fulfillment levels as these leaders sought to stimulate and please the higher-order needs of people. Olivier and Rothmann (2007) purport that it is transformational leadership approaches in an organisation that will grow and enhance employee engagement as employees are encouraged to generate innovative ideas and are given the platform to freely express themselves giving them a strong sense of empowerment.

As this organisation is a retailer with a large market share, it is critical that strategic leaders, managers (from senior to junior levels) and employees are engaged as it has been proven that highly engaged employees are those that make substantive contributions in

their workplaces (Lockwood, 2007). When employees are engaged, they feel part of their organisation which therefore increases their sense of belonging, trust levels and self-identity. This identity and association with the organisation therefore develops commitment in employees and increases their performance (Lockwood, 2007).

It is envisaged that these findings will assist directors, executives and all managers in raising an awareness of the most dominant perceived leadership styles specifically practiced by managers in this particular organisation and in so doing assist them in understanding how leadership styles could affect the current levels of engagement of their employees, which in turn, could also impact on aspects such as customer service, organisational effectiveness and productivity within their business.

1.3   RESEARCH OBJECTIVES

The primary objective of this study is to determine the impact of leadership styles (namely, transformational leadership and transactional leadership) on employee engagement.

More specifically, it aims to determine whether:

- Transformational leadership will influence levels of employee engagement;
- Transactional leadership will influence levels of employee engagement and
- Transformational leadership will raise levels of engagement more so than transactional leadership.

1.4 RESEARCH HYPOTHESES

The following hypotheses will therefore be investigated:

H1: There is a statistically significant relationship between transformational leadership and the overall dimensions of employee engagement.

H2: There is a statistically significant relationship between transactional leadership and the overall dimensions of employee engagement.

H3: Transformational leadership is more likely to increase the levels of employee engagement as opposed to transactional leadership.
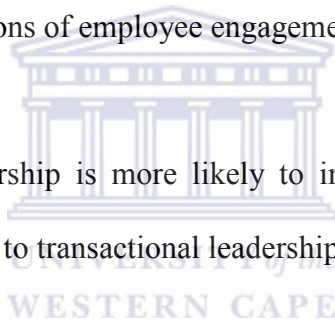
1.5 DEFINITION OF CONSTRUCTS

The important constructs being investigated are briefly defined:

1.5.1 TRANSFORMATIONAL LEADERSHIP

Transformational leadership behaviours are said to be influential in motivating employee change and transforming them to be more aware of task outcomes, activating their highest order needs and stretching them beyond their own self-interest for the benefit of the organisation (Bass & Avolio, 1990; Bassi & McMurrer 2007). Usually this type of leadership is demonstrated to a greater degree at the top levels of an organisation as

transformational leaders are able to serve as exemplary role models, articulating business goals and providing the emotional appeal, meaning and challenge to employees in order to get the work done with enthusiasm and commitment through their employees (Demerouti, Bakker, de Jonge, Janssen & Schaufeli, 2001). Inspirational motivation, idealised influence, individual consideration and intellectual stimulation are the key dimensions of transformational leadership (Avolio, Zhu, Koh & Bhatia, 2004).

1.5.2 TRANSACTIONAL LEADERSHIP

Transactional leadership in its purest form is an exchange of valued things between the leader and follower in order to achieve an outcome. It has always been viewed as the method of getting subordinates to meet job requirements by reinforcing rewards or punishments (Avery, 2004; Bass, 1985). In other words, if followers do something good then they will be rewarded and if followers do something wrong then they will be punished. Transactional leaders will therefore identify, define and communicate what needs to be done and how the instruction will be carried out (Piccolo & Calquitt, 2006). The transactional dimensions of leadership, as determined by Bass and Avolio (1996), are summarized by the following approaches, namely, management by exception (passive and active), constructive transaction/contingent reward and the laissez faire style.

1.5.3 EMPLOYEE ENGAGEMENT

Employee engagement is defined as "a heightened emotional and intellectual connection that an employee has for his/her job, organisation, manager, or co-workers that, in turn,

8

influences him/her to apply additional discretionary effort to his/her work" (Gibbons, 2006, p. 5).

1.6   SUMMARY OF THE CHAPTER

In this chapter an overview of the background to and motivation for the study was discussed. Furthermore, the research questions, hypotheses and definition of important constructs were highlighted.

1.7   OVERVIEW OF THE STUDY

Chapter 2 will give an overview of the theoretical background of the two variables being studied namely, leadership and employee engagement.

Chapter 3 will address the research design and methodology utilized to investigate the research problem. Specifically, the sampling design, measuring instruments used to gather the data and statistical techniques that will be utilized to test the hypotheses will be depicted.

Chapter 4 will provide a presentation of the analysis and research findings obtained from the empirical analysis.

Chapter 5 will discuss the most significant results of the previous chapter. Based on the results, inferences will be drawn and incorporated with existing literature. Furthermore,

limitations and practical implications of the research findings will be highlighted and recommendations for future research will be made.

The ensuing chapter will provide a literature review of the variables being investigated namely, transformational leadership, transactional leadership and employee engagement.

UNIVERSITY *of the*
WESTERN CAPE

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

Organisational leaders are tasked to cope with many challenges resulting from globalisation, economic turmoil, volatile business markets, continuous consumer-changing needs and complex technology impacting the commercial industry (Masood, Dani, Burns & Backhouse, 2006). The skill of leading the most valued asset of any company, that is, its human capital or better known as the "employee", has without a doubt become more challenging in these turbulent times. Leadership and its role in creating and sustaining a culture of engaged employees within the workplace is therefore of utmost importance as organisational leaders begin to understand how the outcome of employees' discretionary effort drives organisational performance, such as increased productivity, profit, customer loyalty and shareholder return (Hewitt Associates, 2005).

Avery (2004) postulates that leadership is the most studied but the least understood topic in the social sciences. This in all probability is due to scholars having different concepts in mind. Despite the abundance of writing on this subject, it has presented a major challenge to researchers interested in understanding the nature of leadership as it is a phenomenon adding significant value to the body of research but can also be viewed as a highly complex concept to understand.

One of the biggest challenges facing the study of leadership is that there is no one agreed definition, as underlying concepts often change and have changed over the course of time

(Avery, 2004). Yukl (2002) also confirms with Bass (1990) that there are almost as many definitions of leadership as there are persons who have attempted to define the concept. Despite all the research conducted on leadership, it is essentially about one individual influencing the behaviour of another.

2.2   LEADERSHIP DEFINED

Burns (1978) initially described leadership as individuals inducing others to act toward certain goals that represent the values and motivations, the wants and needs, the aspirations and expectations of both leaders and followers. Bass (1990, p. 11) defines leadership as "the focus of group processes, as a matter of personality, as a matter of including compliance, as the exercise of influence, as particular behaviours, as a form of persuasion, as a power relation, as an instrument to achieve goals, as an effect of interaction, as a differentiated role, as initiation of structure and as many combinations of these definitions." Nelson (cited in De Lacy, 2009) termed it as the process of guiding and directing the behaviour of people in the work environment. Yukl (2002) contends leadership to be the process of influencing others to understand and agree about what needs to be done, how it can be done effectively and the process of facilitating individual and collective efforts to accomplish shared objectives. Gregoire and Arendt (2004) viewed leadership as the behaviour of an individual directing the activities of a group towards a shared goal.

Piccolo and Colquitt (2006) hypothesized it as the exercise of influence by one member of a group or organisation over other members to help the group or organisation achieve

its goals. Lastly, it is also described as "the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals" according to Koontz and Weihrich (2008, p. 311).

2.3   LEADERSHIP THEORIES

Given the plethora of leadership literature available, its theories are best outlined within a theoretical framework as depicted in Figure 2.1 below. Leadership theory can be categorized into four main schools namely, the Trait approach, Behavioural approach, Contingency approach and the Full Range approach each of which will be discussed in more detail.

Figure 2.1: Basic leadership approaches

LEADERSHIP THEORIES		
TRAIT APPROACH	**BEHAVIOURAL APPROACH**	**CONTINGENCY APPROACH**
• Stogdill (1948) • Mann (1959) • Stogdill (1974) • Lord, DeVader & Allinger (1986) • Kirkpatrick & Locke (1991)	• McGregor's Theory • Theory of Lewin, Lippit and White • Ohio State and University of Michigan Models • Managerial Grid	• Fiedler's Contingency Model • Hersey and Blanchard's Situational leadership • House's Path-Goal Model • Leader-Member Exchange: Theory X and Y
NEW APPROACH		
FULL RANGE LEADERSHIP		

Source: Adapted from Amos and Ristow (1999)

2.3.1   TRAIT THEORY

Most literature refers to the trait theory as the earliest approach to studying leadership. The trait school of thinking assumes that leaders are born and not made. According to Bass (1981), there are certain physical, social and personal characteristics that are inherent in certain individuals which ultimately makes the difference between leaders and non-leaders. According to Yukl (2002, p. 175), the term trait refers to "a variety of individual attributes, including aspects of personality, temperament, needs, motives, and values." Examples could include self-confidence, extroversion, emotional maturity and high energy levels. Yukl (2002) believes that these are all characteristics that are particularly suited to leadership, amongst others and that people who make good leaders will have ample combination of these traits.
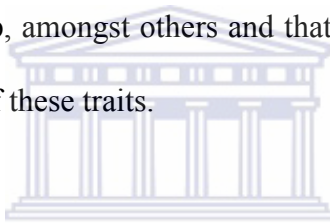
This approach suggest that certain people are born with social traits which make them great leaders and the theory further explains which traits actually made certain people great leaders, albeit on the business, social, political or military front. Researchers were as a result tasked with identifying a universal set of traits inherent of all leaders in order to set them apart from non-leaders (Bass, 1990). Figure 2.2 below presents a summary of the confirmed traits and characteristics that trait approach researchers identified leaders should possess (Northouse, 2004).

Figure 2.2: Studies of leadership traits and characteristics as postulated by various researchers

Stogdill (1948)	Mann (1959)	Stogdill (1974)	Lord, De Vader & Allinger (1986)	Kirkpatrick & Locke (1991)
• Intelligence • Alertness • Initiative • Persistence • Confidence • Sociability	• Intelligence • Masculinity • Adjustment • Dominance • Extroversion • Conservatism	• Achievement • Persistence • Insight • Initiative • Confidence • Responsibility • Tolerance • Influence • Sociability	• Intelligence • Masculinity • Dominance	• Drive • Motivation • Integrity • Confidence • Cognitive ability

Source: Northouse (2004)

Researchers such as Stogdill (1974) investigated the role of traits in leadership behaviour. The aim of his approach was to provide evidence that certain characteristics intrinsic in individuals resulted in effective leadership. He however, could not provide a consistent set of traits that differentiated leaders from non-leaders and this approach was therefore heavily criticized as there were no consistent set of traits to differentiate between the two. Several researchers therefore questioned the basic premise of a "unique set of traits" that defined leadership and subsequently shifted their attention to study the behaviour of

leaders within the context of work instead of focusing on leadership traits (Mester, Visser, Roodt & Kellerman, 2003).

2.3.2 BEHAVIOURAL THEORY

Moving from the trait approach, the next fundamental change in leadership dealt with examining the type of behaviour leaders demonstrated in an endeavour to assess effective leadership. This approach emphasized behaviour of the leader in an attempt to determine what successful leaders do and not how they physically look to others or the personality traits that they might have (Greenberg, 1999). The principle of the behavioural approach is that behaviour can be learnt more readily than traits and the possibility exists that most people can become effective leaders if they emulate the behaviour of successful leaders (Greenberg, 1999; Northouse, 2004).
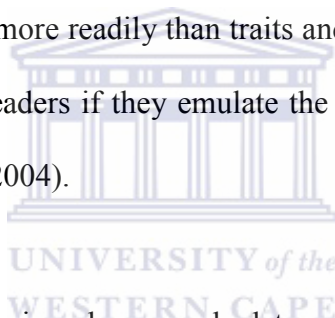
Researchers studying the behavioural approach determined that leadership essentially consisted of two kinds of behaviours namely, task-orientated behaviours and relationship-orientated behaviours (Northouse, 2004). Task-orientated leaders clarify what results are expected for a task and will set specific goals and standards for performance which must be met. These leaders have a very direct approach, they coordinate work activities and closely monitor the performance of their followers. Relationship-orientated leaders focus more on relationship building. They provide support and encouragement to employees when performing difficult tasks and will often use methods such as coaching and mentoring when appropriate in order to direct and develop their followers (Northouse, 2004). Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw and Oosthuizen

(2004) stated that behavioural models of leadership are based on what effective and ineffective leaders execute, how they assign tasks to subordinates, where and when they communicate to others and how they actually perform their roles. In doing this, the leader's behavioural approach will determine how well tasks are accomplished by its followers (Pfeffer, 2005).

The main behavioural models are the Ohio State and University of Michigan models (Hellriegel, Jackson et al., 2004), the Managerial Grid model (Blake & Mouton, 1964) and the Theory X and Theory Y model (McGregor, 1960) which will be explained below:

2.3.2.1 Ohio State and University of Michigan Models

Research conducted at the Ohio State and University of Michigan wanted to define and place leadership in context. There were two dimensions of leadership that came out strong namely, that of employee-orientation and production-orientation (Robbins, 2001). Essentially, leaders that are strongly geared towards employee-orientation will put emphasis on interpersonal relationships, will show a great interest in the needs of their followers and is cognizant of accepting individual differences. Production-oriented leaders on the other hand, tend to focus more on the task aspects of work with group members only being a means to an end (Robbins, 2001). Yukl (2002) also provided insight into an additional type of leadership behavioural approach namely, participative leadership. This type of leadership can be described as supportive because it keeps the group orientated towards problem solving and plays the role of a guide/coach however, the leader in this context will still always make the final decisions.

2.3.2.2 Blake and Mouton's Managerial Grid

Blake and Mouton (1964) developed the Managerial Grid model and identified a two-factor model of leadership behaviour comparable to that of the Ohio State and University of Michigan Leadership models. This model is based on an approach in which managers and leaders vary from one to nine in their "concern for people" and their "concern for production". According to Blake and Mouton (1964), leaders will demonstrate behaviours that either fall into people-oriented or task-oriented categories. People-orientated leaders believe that empowerment, commitment, trust and respect are key elements in creating a team atmosphere. They therefore lead by building strong relationships with their employees. Task-orientated leaders are more focused on getting the job done through the efficient organisation of work systems. They are more process-orientated and less people-orientated (Jung & Avolio, 1999). Depending on which category is most frequently displayed, a leader could be placed along either of the above two continuums (Blake & Mouton, 1964).

2.3.2.3 Theory X and Theory Y

McGregor, (1960) hypothesized two distinct theories of leadership behaviours based on the Theory X and Theory Y model. These theories contend that leadership behaviours are based on an assumption about employees. Theory X hypothesizes that employees dislike work and will avoid it if possible. These employees lack ambition, dislike responsibility and prefer to be led. Here, managerial behaviours will include coercing employees, controlling their tasks and activities and directing their behaviours. Theory Y hypothesizes that employees can view work as a positive experience given the right

18

working conditions and they enjoy taking on responsibilities. Here, managerial behaviours include providing encouragement, positive reinforcement and rewards (McGregor, 1960).

In conclusion, whilst the behavioural approach provided more insight into the leadership construct by focusing on people versus tasks relations however, not all researchers were satisfied concerning these findings as they believed that not all behaviours appropriate in one situation would necessarily be appropriate in another (Fiedler, 1978). The influence that a situation plays in the interaction between a leader and its followers therefore needed further consideration (Fiedler, 1978).

The next advancement in the knowledge of leadership was the establishment of contingency models.
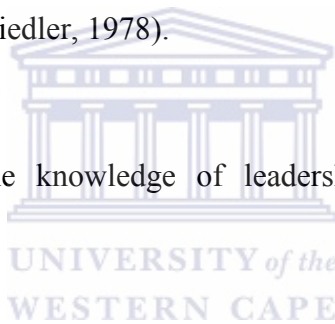
2.3.3 CONTINGENCY THEORY

The next elementary move in leadership dealt with what was named the contingency approach which explained the match of leaders to appropriate situations. The contingency approach represented a shift in leadership research by looking at the leader in conjunction with the situation in which the leader worked (Fiedler, 1978). This theory therefore hypothesized that situational factors were key in determining the level of success or failure regarding leadership behaviour. In other words, this theory suggested that in order to appreciate the performance of leaders it was essential to understand the situation in which they led (Fiedler, 1978).

The main contingency models hypothesized were Fiedler's Contingency model, Hersey and Blanchard's Situational Leadership model, House's Path-Goal model and the Leader-Member Exchange theory. Each of these theories will be further discussed below.

2.3.3.1 Fiedler's Contingency Model

Fiedler's (1967) contingency theory hypothesized that successful group performance was dependent upon the apt match of the leader's personality and the situation. He identified three situational factors which determined leadership effectiveness namely, leader-member relations, degree of task structure and position power. Leader-member relations refer to the extent of confidence, trust and respect members have for the leader. Task structure refers to the extent of which job descriptions are structured or unstructured. Position power concerns how much influence the leader has over variables such as recruitment, dismissals, promotions and salary increases that speaks to the power of a leader. Based on this model, effective leadership therefore depends on matching a leader's style to a particular situation (Hellriegel et al., 2004).

2.3.3.2 Hersey and Blanchard's Situational Leadership Model

Hersey, Blanchard and Johnson (2001) provide insight into their situational leadership model as being a contingency theory. This is essentially based on selecting the correct style of leadership appropriate to the follower's readiness but based on a specific situation. Leaders therefore need to adapt their style according to the situation on hand.

According to Ivancevich and Matteson (2002), this model consists of both directive and supportive dimensions, which are appropriately applied to specific situations. In selecting the correct style, the leader must first assess the followers' competence and readiness level to perform a specific task. Based on these assumptions, leaders then adapt their style to be either supportive or directive. Directive behaviour is a one-way directional communication from the leader to the member. Supportive behaviour is a two-way directional communication from the leader when providing social-emotional support for the follower (Ivancevich & Matteson, 2002).

Beyond this, studies also provide a basis for the development of the following four leadership styles namely, Telling, Selling, Participating and Delegating (Ivancevich & Matteson, 2002). Telling consists of leaders defining the work that needs to be done and informing their followers as to the what, where, when and how to do the task. Selling pertains to the leader providing structured instructions together with support in order to get the work done more efficiently. Participating refers to leaders and their followers sharing in the decision making process of how to complete the task at hand. Lastly, delegating refers to the leader providing little support, guidance or direction to the follower during the execution of a task (Ivancevich & Matteson, 2002).

Avolio (2005) argues that a leader dealing with employees that have low readiness to complete tasks should lead by using a high degree of structure (defining/telling tasks) and a low degree of relationship behaviour (participation/delegation). In contrast to this, a

leader dealing with employees that have a moderate to high readiness ability to complete tasks should lead with a more participative style and a less structured style.

2.3.3.3 House's Path-Goal Model

This theory refers to how leaders stimulate their followers to achieve set and agreed goals. According to House (1971), the underlying assumption of this theory is expectancy, which postulates that subordinates are motivated if they realize that they are able to perform their work, achieve their outcomes and view their rewards for doing the work as worthwhile. Following this, Bass (1990) believed that leaders influence their followers in several ways, for example, clarifying the subordinates' role, making rewards dependent on the followers' performance, providing support for the follower, alleviating boredom and providing direction, etcetera.
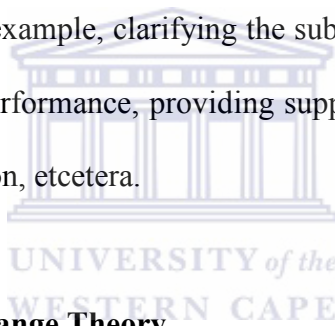
2.3.3.4 Leader-Member Exchange Theory

In keeping with the contingency theory, Robbins (2001) explains the basis of his theory by stating that leaders in certain situations tend to favour certain followers over others which inevitably is viewed as the 'in' group. Often, time pressures result in leaders favouring followers, trusting them more, giving them more attention and allowing them more privileges. The 'out' group forms the balance. When first interacting with followers these leaders place followers in the 'in' or 'out' group. What constitutes the basis for the selection is unclear but the relationship is reasonably stable over time (Robbins, 2001).

2.4   FULL RANGE LEADERSHIP APPROACH

In light of the above theories, research could not concur on how leaders would best influence its followers. This eventually resulted in the emergence of a new theory known as the Full Range Leadership Approach which is now recognized as the most suitable style of leadership in contemporary organisations of the 21st century (Bass & Riggio, 2006). This theory encompasses three leadership dimensions namely, transformational, transactional and laissez-faire leadership styles. The basic idea of this theory is that every leader will demonstrate dimensions of each style to some extent, but depending on the frequency of specific leadership behaviours most often displayed, this will determine whether the leader has a transformational, transactional or laissez-faire style of leading. Each style will now be discussed.
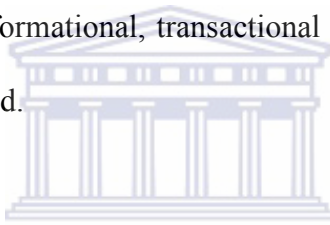
2.4.1 TRANSFORMATIONAL LEADERSHIP DEFINED

Transformational leadership seeks to explain the unique connection between leaders and followers that result in extraordinary performance and accomplishments in both individual followers and the organisation (Bass & Riggio, 2006; Yammarino & Dubinsky, 1994). It is a theory that emerged from the work of Bass (1985) who had built on Burns' original concept of transforming leaders. Burns (1978) initially introduced the concept of transforming leadership in his descriptive research on political leaders but it is a term now used in the field of Organisational Psychology.

When taking Maslow's Hierarchy of Needs theory into account, transformational leaders understand that employees have a range of needs and the extent to which they ultimately

perform in the workplace is determined by the extent to which these needs are met. These needs are illustrated below:

Figure 2.3: Maslow's Hierarchy of Needs

The need for self-actualisation

Experience purpose, meaning and realising all inner potentials.

Esteem Need
The need to be a unique individual with self-respect and to enjoy general esteem from others.

Love and belonging needs
The need for belonging, to receive and give love, appreciation, friendship.

Security Need
The basic need for social security in a family and a society that protects against hunger and violence.

The physiological needs
The need for food, water, shelter and clothing

Source: Adapted from Maslow (1999)

According to Maslow (cited in Bass, 1985), the motivation level of employees are predominantly affected by how their needs are being met. Pfeffer (2005) in support of Maslow (1999) postulates that once the lower-level needs of safety and security have been fulfilled, the higher-order needs such as affiliation and recognition become essential and would need to be met in order for an employee to remain motivated. According to Burns (1978, p. 4.), transformational leaders "look for potential motives in followers, seeks to satisfy higher-order needs and engages the whole person of the follower." They will therefore aim to go beyond the follower's immediate needs (for example, food, water and shelter) which can often be met through transactional rewards, to the deeper issues of follower development and purpose. In doing this, they subliminally move followers from concerns of mere existence and safety to more powerful needs associated with achievement and growth (Avolio, Waldman & Yammarino, 1991). When leaders are able to engage the whole person and go beyond their basic needs, it implies that this type of individual can influence followers to move from a lower-thinking level of need to a higher-thinking level of need. Doing this will produce within their followers a greater sense of self-worth, self-identity and collective teamwork inspiring followers to share their leader's values and connect with the leader's vision of an organisation working towards the good of the organisation (Bass, 1999; Bassi & McMurrer, 2007).

Bass (1985) identified four components of transformational leadership namely, Inspirational Motivation, Idealised Influence, Individual Consideration and Intellectual Stimulation which will be discussed in detail below:

Firstly, inspirational motivation refers to leaders with a strong vision for the future based on certain values and ideals (Bono & Judge, 2004). These leaders inspire followers by being optimistic and enthusiastic about the future and will communicate the appealing vision of the future by also using symbols to articulate this vision (Bono & Judge, 2004). According to Bass and Riggio (2006, p. 6), "transformational leaders get followers involved in envisioning attractive future states, they create clearly communicated expectations that followers want to meet and also demonstrate commitment to goals and the shared vision." Leaders falling into this dimension are able to build confidence and inspire followers by using persuasive language and symbolic actions.

Secondly, transformational leaders that display idealised influence will behave in showing that the benefits of a group are more important than benefits of the individual, they will demonstrate high ethical norms and also be a role model for their subordinates (Bono & Judge, 2004). Authentic trust must be built between leaders and followers as this dimension is characterized by high morale and ethical standards. Leaders are therefore held in high personal regard which allows them to arouse loyalty from their followers. Inspirational motivation and idealised influence together can be termed "charisma". Charismatic leaders therefore have a positive influence on their subordinates and will use this influence to change the self-focus of the employees to a collective one. As a result, subordinates become more involved with the vision of the leader and are more willing to make sacrifices for the particular vision of their organisations (Bono & Judge, 2004).

Thirdly, transformational leaders that display individual consideration will treat each follower as an individual and provide coaching, mentoring and growth opportunities as they understand their followers need to grow and develop themselves. As a result, this approach of coaching and mentoring enables the lifting up and empowerment of the next generation of leaders. It also supports the individual's need for self-actualization, self-fulfillment and self-worth, thereby naturally propelling followers to further achieve and grow within the organisation (Harter, Schmidt & Keyes, 2003). These leaders are also able to clarify expectations with their direct reports by consulting with them and in doing so reducing role ambiguity. By setting clear expectations of performance, followers are likely to experience reduced feelings disengagement and/or burnout at work (Harter, Schmidt & Keyes, 2003).
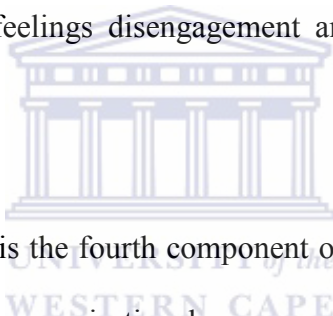
Lastly, intellectual stimulation is the fourth component of transformational leadership. It refers to leaders who challenge organisational norms, encourage divergent thinking and drive followers to develop innovative strategies. As a result, the leader challenges the subordinate to see problems from a different perspective and in doing this enables the employees to be active thinkers that allow them to become more involved within the organisation (Conger & Kanungu, 1998). Followers are therefore able to question assumptions and generate more creative solutions to problems which give them the freedom to creatively overcome any obstacles in the way of the organisation's mission and objectives. Conger and Kanungu (1998) revealed that intellectual stimulation provokes followers to think out new methods in innovative ways by getting them involved in the process of decision-making as well as problem solving that impacts on

their social, economic, environmental and political wellbeing. The goal of intellectual stimulation is therefore to continuously spawn the highest levels of creativity from its followers (Avolio, 2005).

2.4.1.1 Benefits of Transformational Leadership

Northouse (2004) found in 39 studies of transformational literature, in both the private and public sectors, that individuals who exhibited transformational leadership skills were more effective leaders with better work outcomes than transactional leaders. Avolio and Bass (2004) argue that transformational leaders are more effective because they understand the importance of adapting to the needs and motives of their followers and can therefore get their followers to be more inspired and accomplish great things whilst completing the tasks at hand and simultaneously having their needs met.
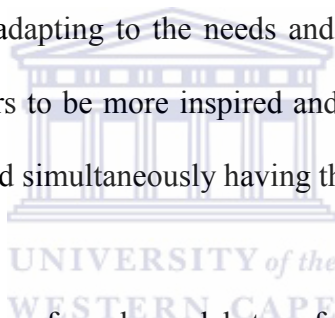
In line with Maslow's hierarchy of needs model, transformational leadership appeals to the highest-order need of an individual namely, self-actualization. Together vast things can be achieved when the vision and passion of one man and the willingness of many inspired followers work towards achieving goals. Studies from military, educational, and business perspectives have actually identified the benefits of transformational leadership behaviours. Specific to the business context, research shows that leaders who exhibit higher levels of transformational leadership behaviours have followers who report increased levels of inspiration, motivation, empowerment, commitment and lower rates of absenteeism (Smith, Montagno & Kimono, 2004). Transformational leadership could also be viewed as the more humane leadership theory, in comparison to the more

militaristic transactional theory. Therefore, instead of negative motivation, this theory believes that followers will rise higher through positive motivation. An example of a great transformational leader was Sam Walton, founder of Wal-Mart, who whilst alive, would actually visit Wal-Mart stores across the country to meet with employees to show his appreciation for what they did and how much he valued them. Walton believed that a simple "rule of success" as displayed in his autobiography was to appreciate employees by praising them (Walton, 1996). This "rule of success" and many other successful transformation leadership behaviours have contributed towards Wal-Mart being the largest retail company in the world operating in more than 11 continents across the globe.

From a social perspective, individuals who have commanded respect such as Martin Luther King and Nelson Mandela have also been idealised for centuries and are typically viewed as transformational leaders that have been able to revolutionize a nation. Common traits of such respected leaders is that they had the ability to successfully appeal to the basic values of people with great enthusiasm and an eloquent speaking style offering a compelling vision. Their ability to intellectually stimulate people's minds by inspiring them to think differently and suggesting new ways of looking at things are only some of the characteristics that transformational leaders possess.

In addition to this, Avolio and Bass (2004) contend that transformational leadership is a reputable way of leading in that it not only raises the level of the followers' ethical conduct but also that of its leader which adds towards a positive and loyal working relationship. Either way, a great advantage of this leadership model is that it creates an

enthusiastic work atmosphere and as employees are more motivated they will work for the leader, even if the monetary and other benefits offered are less because they will be inspired by the vision. In effect, this therefore also contributes towards higher levels of output and in the process future leaders are naturally identified from the lot of followers (Avolio & Bass, 2004).

According to Bass and Riggio (2006), the rapid rate of change in all organisations is calling for more adaptable and flexible leadership. Leaders must make sense of challenges faced by themselves and their followers. The type of leadership style needed is transformational and is known for directing its followers towards the future and creating organisational cultures of creative change and growth. In addition to this, transformational leadership increases performance levels by influencing followers' values, goals and higher order needs to meet the organisation's mission. Followers are challenged to think in new ways, inspired to accomplish goals which were previously out of reach and motivated to keep values and moral standards in mind when performing their daily duties (Bass & Riggio, 2006). Followers therefore trust, admire and show great levels of loyalty toward their leader and organisation as they are motivated to do more than they originally thought possible (Hamlin & Serventi, 2008; Yukl, 2002).

2.4.1.2 Limitations of Transformational Leadership

A great limitation of this theory is that transformational leadership is fundamentally based on the ability of the leader to inspire the work force to perform their best and together to work as a team toward the good of the organisation. However, leaders of

organisations may not possess the character traits needed to accomplish this. Another limitation is that often too much emphasis is placed on leadership style over substance. From an organisational perspective, there is a growing demand for "evidence based" decision-making where to show leadership, you need to cite hard evidence. Therefore, whether an individual can present their business case in an inspiring manner is not as important as having the solid facts to back them up. There is a great deal of perfectly effective leadership that is not transformational (Avolio & Bass, 2004).

2.4.2   TRANSACTIONAL LEADERSHIP DEFINED

Transactional leadership can be defined as a method of exchange between the leader and follower in order to achieve a stated objective or goal (Bass, 1985). At this basic level of leadership, it is viewed as the method of getting subordinates to meet job requirements by reinforcing rewards or punishments. This leadership style has a large focus on clarifying subordinate role and tasks that must be performed (Russel, 2008). As leaders and followers engage in "transactions", it is essential for the leader to have the power to reward followers and clarify the importance of how working towards the achievement of a task will be met. The use of rewards and punishments are therefore core to these processes as doing this will build confidence in followers to exert the necessary effort to achieve expected levels of performance (Bass & Avolio, 1994). Transactional leaders are very similar to transformational leaders in that they are both able to establish clear goals, clarify individual roles and motivate their followers to meet specified objectives. The main difference is that transactional leaders will only inspire through "first order" transactions/exchanges and will use external rewards for example, commission rather

than intrinsic motivation in order to reach agreed-upon goals (Avolio & Bass, 2004). This type of leadership style is therefore only designed to satisfy basic human needs such as an individual's physiological, safety and social needs when taking Maslow's Hierarchy of Needs model into account.

The transactional dimensions of leadership, as determined by Avolio and Bass (2004) can be summarized by the following approaches: Management by Exception (passive), Management by Exception (active), Contingent Reward and the Laissez-faire style.

Firstly, management by exception (passive) refers to leaders that are passive managers. They are the kind of leaders that will only take immediate corrective action after a problem or deviation occurs. In this way the leader waits for problems to arise before they act or may sometimes not take any action at all (Bass, Jung, Avolio & Berson, 2003). With this type of leadership, negative feedback, criticism and negative contingent reinforcement are often the modes used for correcting behaviour (Bass & Avolio, 1996).

Secondly, management by exception (active) refers to leaders who actively manages teams and proactively seek out problems or deviations from standardized procedures. However, immediate corrective action will only take place once deviations occur. These types of transactional leaders will usually specify the standards for compliance beforehand and will make their followers understand that which institutes ineffective performance (Bass et al., 2003).

Thirdly, contingent reward refers to an approach that provides for various kinds of rewards in exchange for the mutually agreed-upon accomplishment of goals. Followers will therefore accept and comply with the leader to avoid disciplinary actions, but in exchange for complying they will receive monetary rewards, praise and resources (Avery, 2004). Contingent reward implies that the reward should match the outcome achieved and that it should be consistently applied. Exchanges can often be highly differentiated within the organisation therefore, the reward scale should be established in a fair and equitable manner.

Lastly, transactional leaders that use a Laissez-faire approach to manage, relinquishes and avoids responsibilities with a "do-not care" attitude. Employees are thus left to get on with their work. Most often, laissez-faire leadership will work for teams in which the individuals are experienced and skilled self-starters however, this type of leadership is greatly frowned upon (Avery, 2004).

As transactional leadership theories attempt to explain the relationship between leaders and followers through the concept of transactions/exchanges, the use of rewards and punishments are therefore central to these processes and will be used to condition the expected performance of employees working under this leadership style. In addition to this, goal setting is also a product of transactional leadership however, it is not always easy to attain these goals in less structured environments. It is therefore crucial that transactional leaders focus on role clarification in order to help the follower understand exactly what needs to be done in order to meet the organisation's goals and objectives.

Further to this, since transactional leaders typically lead employees based on their title, position of authority, status, superior knowledge and the ability to control resources, this type of leadership style reflects more of a power relationship as opposed to an influential one (Kahn, 1990).

2.4.2.1 Benefits of Transactional Leadership

In line with Maslow's hierarchy of needs model, transactional leadership appeals to the lower-order needs of an individual namely, food, shelter and security. This leadership style therefore works in most cases provided that employees are driven by basic needs and rewards. Organisations that are highly hierarchical with a clear chain of command can follow the "carrot and stick" approach and achieve productivity and reach goals much easier. Once employees agree to perform certain duties, they are under the supervision and in the hands of their manager who will simply ensure that processes are properly complied with. Under transactional leadership, goals and objectives are usually only set for the short term, making them less daunting and also easier to fulfill. Employees are often motivated by the fact that short-term goals seem more attainable as they understand exactly what is expected of them (Nielsen, Randall, Yarker & Brenner, 2008). Powerful and assertive leaders also often find the transactional model very beneficial to their way of managing things (Avery, 2004).

2.4.2.2 Limitations of Transactional Leadership

Transactional leadership can often stunt the growth of employees as they become complacent in doing what they are told and only as much as they are told. Employees

under this type of leadership are refrained from thinking "out of the box" as using initiative and implementing new and innovative ideas are frowned upon (Avery, 2004). This system of leading therefore promotes passive and submissive workforces as they are not required to express themselves. The lack of intellectual stimulation and inspiration from transactional leaders can often lead to employees not being motivated especially if they are driven by higher-level needs. As a result, followers who do not perform are punished which often lowers the morale of motivated employees (Bass et al., 2003). This leadership model consequently creates a stressful work environment as productivity will be maintained but innovations and breakthroughs will be tough to find which can prevent organisations from maintaining their competitive edge.

Whilst transactional leadership can be fairly effective as a method of influencing followers, it does not result in any real change as its focus tends to be short-term by maximizing immediate results with rewards (Hughes, Ginnett & Curphy, 1993). Often, employees being managed by transactional leaders can perceive the monitoring of this method as constraining which could lower their likelihood of contributing to organisational objectives. Corrective interventions and management-by-exception styles which transactional leaders typically use can upset some followers and decrease their performance (Ball, Trevino & Sims, 1992). Often when organisations are faced with incremental changes transactional leaders find it difficult to negotiate relatively complex situations as they now need to bring about greater levels of commitment from their followers and move beyond the basic level of managing to willingly get their followers to make major changes to their mindsets and behaviours in line with these business changes

(Bass, 1990). In addition to this, transactional leaders have the final say in decision-making which does not leave any room for empowering followers but in retrospect could contribute towards disengaged and withdrawn employees.

Lastly, as the source of followers' commitment comes from the rewards, agreements and expectations negotiated with the leader, the operations in the organisation could become averagely predictable as employees are most likely to just work towards attaining the goals set out for them and are not willing to go beyond this (Avery, 2004). As transactional leadership usually fails to raise or increase subordinate performance beyond the expected levels of performance, by its own implication, this style of management could create or enhance lazy followers that are disengaged and lacks the ambition required to be of value add to their organisations (Avery, 2004).
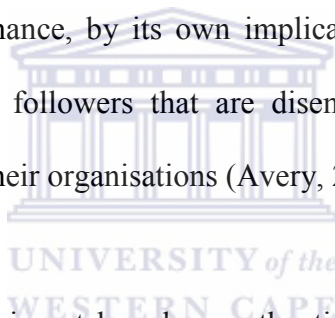
Whilst the focus of this study is not based on authentic and servant leadership styles, these two styles will also be briefly discussed below:

2.5   AUTHENTIC LEADERSHIP

Authenticity refers to being true to your own nature. The concept of authenticity can be traced back to the famous quote of Shakespeare's Hamlet "to thine own self be true" and its roots can be found in several ancient Greek philosophies (Avolio & Gardner, 2005).

Authentic leadership is an emerging and stimulating concept in the field of leadership research which leaders use by being true to their nature. This construct draws on positive

36

psychology and leaders that practice authenticity are described to possess the highest level of integrity, a deep sense of purpose, genuine passion and skillfulness for leadership (Avolio & Gardner, 2005).

In addition to this, Avolio and Luthans (2006) describe authentic leadership as a construct that presses on a leader's character, awareness of self, regulation of self, faithfulness of individuality, genuineness in beliefs, truthfulness of convictions, practicality of ideas, veracity of vision, sincerity in actions and openness to receiving genuine feedback from others.

Further analysis showed that authentic leadership comprises of three main dimensions (Avolio & Gardner, 2005) namely, self-leadership, self-transcendent leadership, and sustainable leadership.
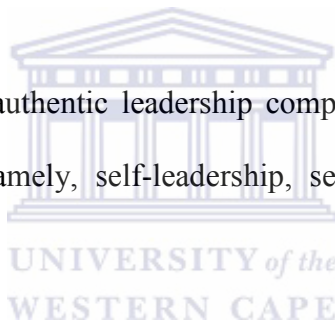
Self-leadership means leading oneself by developing higher levels of self-awareness, self-regulation, role modeling and competence. Self-leadership is inner-focused and it is a translation of a leader's core beliefs into actions and decisions. Self-transcendent leadership is others-directed and targeted at the well-being of followers, organisations and society at large. Sustainable leadership refers to the strategies that authentic leaders adopt to sustain the positive effects of their leadership. These strategies broadly endeavour to sustain the organisational systems and can take the organisation to greater levels of development. Here, the paramount concern is the wellbeing of the employees, the organisation and their communities.

Avolio and Luthans (2006) argue that authentic leaders genuinely desire to serve others through their "true-selves", they are interested in empowering the people they lead to make a difference and are as guided by the qualities of their heart.

2.6   SERVANT LEADERSHIP

Servant leadership is a theory of leadership introduced in the early 1970s by Robert Greenleaf, the founder of the Greenleaf Center for Servant Leadership (Hardy, 2010).

Servant leadership is a philosophy which supports people who choose to serve first. Greenleaf (2002) states, "The servant-leader is servant first. It begins with the natural feeling that one wants to serve. Then conscious choice brings one to aspire to lead. The best test is do those served grow as persons? Do they while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants?"
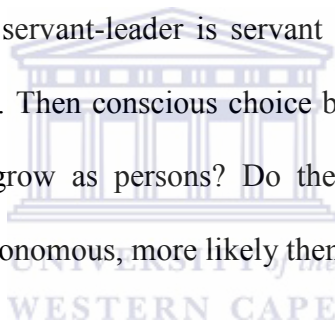
Spears and Lawrence (2002) discuss Greenleaf's approach to leadership as one that puts serving others including employees, customers and communities as the number one priority. Servant leadership therefore emphasizes increased service to others, promoting a sense of community, the sharing of power in decision making and having a more holistic stewardship approach in the workplace.

Further to this, Chin and Smith (2010) identify historical figures such as Jesus Christ, Abraham Lincoln, Mother Teresa and Gandhi as great servant leaders of the past, according to the extraordinary service and stewardship they provided to their followers.

They argue that the common denominator of these servant leaders was service above self and for the good of others.

Spears & Lawrence (2002) believe that there are ten character traits found in every servant leader namely, listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of people and building community. Whilst these ten characteristics are by no means exhaustive, he argues that it is at the core of this leadership style.

Servant leadership therefore encourages a group-oriented approach to analysis and decision making as a means of strengthening organisations and improving society. It holds that the primary purpose of an organisation should be to create a positive impact on its employees and community rather than making bottom-line profit the only motive.

In conclusion, an increasing number of companies have adopted servant-leadership as part of their corporate philosophy or as a foundation for their mission statement namely, Starbucks in Seattle, Washington; Southwest Airlines in Dallas, Texas and The Service Master Company in Downers Grove, Illinois (Spears & Lawrence, 2002).

2.7 EMPLOYEE ENGAGEMENT DEFINED

Within any organisation employees differ greatly in terms of their engagement levels at work and the amount of intensity and attention that they put forth in their jobs. As a construct, employee engagement is a relatively new concept that has come into play over the past two decades (Rafferty, Maben, West & Robinson, 2005). It is a vast construct with no single, universally-agreed upon definition however, this is neither unusual nor problematic as many other psychological constructs have suffered from a similar lack of precision early in its involvement of the social sciences (Macey & Schneider, 2008). Due to the emerging trend towards "positive psychology", the study of engagement in work settings has become an increasingly important research topic as it focuses on human strengths and optimal functioning rather than on weaknesses and malfunctioning (Macey & Schneider, 2008). Although most researchers agree on the construct of work engagement, there are different views of its conceptualization (Bakker, Schaufeli et al., 2008) however, most of them agree that employee engagement originally emanated from the earlier concepts such as employee commitment, job satisfaction and organisational citizen behaviour (Robinson, Perryman & Hayday, 2004). Though it is related to and encompasses these concepts, employee engagement is broader in scope and can be described in various ways.

Gibbons (2006, p. 5) hypothesized employee engagement to be "a heightened emotional and intellectual connection that an employee has for his or her organisation, manager, or coworkers that, in turn, influences him/her to apply additional discretionary effort to his/her work." It has also been defined as "a positive, fulfilling, work-related state of

mind that is characterized by vigour, dedication, and absorption" according to Schaufeli, Salanova et al. (2002, p. 74).

Baumruk, (2004) postulated it as the willingness and ability of employees to help their company succeed, largely by providing discretionary effort on a sustainable basis. It is also defined as the amount of effort one exerts in work tasks and the emotional and intellectual commitment of employees shown towards its organisation.

Engaged employees are completely caught up in their jobs and will show great enthusiasm in working towards the success of the organisation as they care about the future of the business (Seijts & Crim, 2006). Others have coined it as a person who is fully involved in and enthusiastic about his or her work and similarly an individual's involvement and satisfaction with as well as enthusiasm for work (Harter & Schmidt, 2008).

The definition that Shaufeli, Salanova et al. (2002) adopted is that engagement is characterized by three dimensions namely, vigour, dedication and absorption which will be the primary definition used for the purposes of this study. Vigour as a dimension is characterized by someone who demonstrates high levels of energy and mental resilience at work. There is also the tendency to remain resolute in the face of task difficulty or failure reflecting the readiness to devote effort in one's work. Dedication refers to a strong identification with one's work and encompasses feelings of enthusiasm, inspiration, pride and challenge. Absorption is characterized by being fully concentrated

and happily engrossed in one's work. In this dimension, time passes quickly and one has difficulty with detaching oneself from work Shaufeli, Salanova et al. (2002).

In addition to this, Kahn (1990) conceptualized engagement from the aspect of employees being cognitively, emotionally and physically engaged during work performance. The researcher postulated engagement to be the simultaneous employment and expression of a person's preferred self in task behaviours that promote connections to work. He hypothesized cognitive engagement as being rationally aware of one's role and the mission within an organisation and understanding the company's strategy and direction it is taking. Devi (2009) in support of Kahn (1990) believes that if employees see themselves as effective contributors to the company's goals or objectives, they are more likely to perform at a higher level. Employees who understand how to contribute to an organisation's strategic goals are also more likely to have a sense of fit or belonging within the organisation. Cognitive engagement may therefore be instrumental to employee performance and retention (Avey, Hughes, Norman & Luthans, 2008; Tan & Tan, 2000). He depicted emotional engagement as employees being responsively and open-heartedly connected to others in the workplace and the extent to which they value, enjoy and believe in their jobs, teams, managers and the organisation. Trust and perceived organisational support conclusively demonstrate that increased trust in management influences employees' levels of emotional commitment more positively (Avey, Hughes, Norman & Luthans, 2008; Tan & Tan, 2000). Lastly, being physically engaged is the expression of extra-role performance in going the extra mile above and

beyond of what is expected in relation to an employee's job function (Avey, Hughes, Norman & Luthans, 2008; Tan & Tan, 2000).

2.8   THE IMPORTANCE OF EMPLOYEE ENGAGEMENT

According to Stairs (2005), for the first time in the history of management, the quality of people and their engagement are deemed as critical factors in corporate vitality and survival. The researcher contends hiring top talent is one thing however, keeping talent and getting employees to be fully engaged is another challenge hence, the focus by human resource professionals and management. Employers that are able to engage their employees are subsequently more likely to retain those same employees, while simultaneously increasing output within their organisation (Devi, 2009; Stairs, 2005).

On the other side of the spectrum, employee disengagement has been postulated as a significant contributor to poor corporate performance and profitability. Lack of engagement is endemic and is causing large and small organisations all over the world to incur excess costs, under-perform on critical tasks and create widespread customer dissatisfaction (Seijts & Crim, 2006). Extra costs and underperformance as a result of poor employee engagement negatively affects organisations and over the long term, decreases profitability and sustainability (Schaufeli & Bakker, 2004).

In addition to this, researchers have investigated whether employee engagement is the polar opposite of burnout (Schaufeli & Bakker, 2004). Findings support the proposition that engagement is the antithesis to burnout (Freeney & Tiernan, 2006). Burnout is

described as "a syndrome of emotional exhaustion, depersonalisation and reduced personal accomplishment that can occur among individuals who do people work of some kind" according to Rothman (2003, p. 18). Whilst the definition refers to employees involved in "people work", it is acknowledged that people in any job may suffer from burnout.

As engagement is characterized by vigour, dedication, and absorption, the core dimensions of burnout are described as exhaustion, cynicism, and inefficacy (González-Romá, Schaufeli, Bakker, & Lloret, 2006). Further to this, burnout and engagement are thus reported to be opposites in that they have different consequences and different predictors (Schaufeli & Bakker, 2004). Exhaustion is considered the most central quality of burnout and can be described as the feeling of being constantly overwhelmed, stressed and worn out. It is one of the most visible symptoms of burnout and includes feelings of overextension characterized by the experience of being drained of one's physical and emotional resources (González-Romá et al., 2006). Cynicism, or what is sometimes referred to as depersonalization, reflects an interpersonal component of burnout and relates to lost enthusiasm for the job. This dimension characterizes a sense of generalised negativity and the detachment of one's self from others and various aspects of the job. All aspects of the job create irritation, maintaining relationships are seen as a burden and all positive qualities brought to the workplace seem to go stale on the job (González-Romá et al., 2006). The third dimension, inefficacy, reflects the self-evaluative component of burnout. Inefficacy refers to feelings of incompetence, a lack of achievement and diminished productivity that is linked to a lack of self-worth and confidence. According

to Maslach, Schaufeli and Leiter (2001), this apparent lack of efficacy seems to appear as a result of a lack of resources whereas exhaustion and cynicism are caused by work overload and social conflict. Burnout therefore usually occurs when there is a persistent mismatch between individuals and one or more of these organisational factors (Maslach, Schaufeli et al., 2001). With respect to workload, the mismatch usually refers to excessive overload of work. Such an overload can demand too much individual energy and deny the possibility of recovery. A workload mismatch may also refer to a lack of fit between an individual's skill set and the work required.

According to Schaufeli and Bakker (2003), employee well-being can be identified on two bipolar ranges namely, vigour to exhaustion and dedication to cynicism. Absorption to inefficacy is not considered endpoints on a continuum. Burnout has been associated with absenteeism, intent to leave the organisation and decreased turnover. Burnout is also related to decreased productivity, job satisfaction and commitment to one's job and organisation. Those suffering from burnout can also be disruptive to other members of the organisation and have been shown to cause increased interpersonal conflict (Maslach, Schaufeli et al., 2001).

2.9   DRIVERS OF EMPLOYEE ENGAGEMENT

As postulated by Robbins (2001), meaning at work, supportive organisational cultures and decision-making are amongst the three most significant factors contributing to the extent of engagement expressed by employees within an organisation.

2.9.1 MEANING AT WORK AND ITS AFFECT ON EMPLOYEE ENGAGEMENT

According to Penna's (2007) research report, meaning at work has the potential to be a valuable way of bringing employers and employees closer together and benefits both the organisation and employees. Employees usually find their work meaningful if they have in part created it. The elements of meaningful work as outlined by Bolman and Deal (2003) and Wheatley (2006) include the ability to have autonomy and influence the structure and design of one's work. Wheatley (2006) strongly believed that people support what they create and stated that meaningful work is directly connected to those who create, perform and influence their own work. Being able to influence the design of one's work and receiving intrinsic rewards such as personal satisfaction and strong self-efficacy are other significant factors that also impacts on creating meaningful work (Bolman & Deal, 2003).
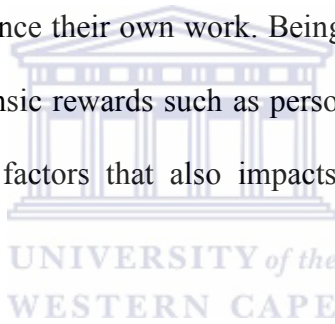
Previous studies have also confirmed that job resources such as autonomy and personal resources such as self-efficacy and optimism (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2007; Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009) are important drivers of employee engagement due to their motivational potential for fostering employee engagement. Self-efficacy can be defined as people's expectations of being able to execute desired tasks that impact their environment successfully (Bandura, 1977) and optimism is the expectation that positive things will happen (Scheier & Carver, 1992).

The Job Demands-Control (JDC) stress model according to Karasek, Brisson, Kawakami, Houtman, Bongers and Amick (1998), hypothesizes that the inability of employees to engage in decision making creates psychological strain and the lack of a supportive work environment results in low employee motivation, negative learning and the wearing away of previously learnt skills. Salanova, Peiro and Schaufeli (2002) postulate that the JDC model was based on the principle that job stressors such as high job demands but low control over the major aspects of the job, produced physical and psychological strain for employees. Salanova et al. (2002) confirmed that the more autonomy over decision making employees are given, the more likely they are to experience wellbeing and less burnout, especially if they were given significant control over the tasks they needed to perform on a daily basis.
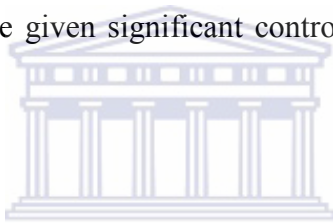
To substantiate the above, Penna (2007) postulated a new model which was called "Hierarchy of Engagement" that closely resembled Maslow's "Hierarchy of Needs" model. According to Penna (2007), in the bottom line there are the basic needs for pay and benefits. Once an employee has satisfied these needs, the employee then looks for development opportunities for example, the possibility for promotion. Leadership will then be introduced into the model and finally, when all the above cited lower-level aspirations have been satisfied then the employee will look to higher-level aspirations where they are able to add value to their teams and organisation and in doing so, truly connect with a common purpose and shared sense of meaning at work (Penna, 2007).

With regards to a supportive organisation culture, Flade (2003) believed that social support comprised of supervisor-subordinate support as well as social support received from peers/colleagues. Researchers believed that if the interpersonal communication between the supervisor and their employees were contentious, then the exchange was likely to be a negative one. As a result, the conflict experienced and feelings of unpleasantness that is likely to follow would ultimately lead to the lack of energy, exhaustion, reduced job involvement and feelings of inefficacy experienced by employees. Flade (2003) also found a negative relationship between having an unpleasant supervisor and organisational commitment and a positive relationship between having an unpleasant supervisor and emotional exhaustion.

2.9.2   ORGANISATIONAL CULTURES AND ITS AFFECT ON EMPLOYEE ENGAGEMENT

The culture of an organisation may have a direct impact on the level of commitment, loyalty and engagement that employees provide to the employer. This section therefore provides an understanding of the various cultures one could find within an organisation and will describe what the possible connections are between organisational cultures and employee engagement.

2.9.2.1 Hierarchy Culture

A hierarchy culture is the oldest and most structured form that is still often found in large organisations where standardization, uniformity and consistent output are highly valued (Cameron & Quinn, 2006). This theory which evolved from the studies of Max Weber, a

German sociologist in the early 1900s, distinguished itself as a culture with clear lines of authority and decision-making, standardization that includes rules and procedures and an impersonal and predictable style (Cameron & Quinn, 2006). Liability is highly valued within this culture and there is little or no discretion given to individual employees. The loss of personal autonomy through hierarchical cultures also means the loss of self-expression, co-creation of work and self-determination. The characteristics of hierarchical cultures therefore appear to be in direct conflict with a person's natural need for self-creation and expression. It may therefore be argued that it is very difficult to enhance employee engagement within a hierarchical culture (Cameron & Quinn, 2006).

2.9.2.2 Market Culture

A market culture is dominated by the core values of competitiveness and productivity (Cameron & Quinn, 2006) and does not have the internal focus of the hierarchy culture. Profitability and bottom-line results are primary objectives therefore, a market culture will tend to have leaders who are results-driven, demanding and will stretch those who are charged with achieving goals (Cameron & Quinn, 2006). There is also an outward focus towards improved competitiveness, premium returns and customer-driven initiatives. Market leadership is very important therefore, the organisation with this kind of culture will value strong competition and bottom-line results. On the one hand, there are some individuals who are highly motivated by competition and thrive on having new challenges making the market culture an excellent fit for these individuals, whilst on the other hand, there are those individuals who are less competitive and not as comfortable with significant challenges who may find this type of culture less engaging or perhaps not

engaging at all (Cameron & Quinn, 2006). It is therefore difficult to determine whether a market culture is conducive to enhancing employee engagement.

2.9.2.3 Clan Culture

Cameron and Quinn (2006, p. 42) contend that "the clan culture is typified by a friendly place to work where people share a lot of themselves. It is like an extended family. Leaders are thought of as mentors." Clan cultures have a set of values and beliefs different from those of the hierarchy and the market culture. The clan culture places worth on shared-goals, participation, cohesion and teamwork. A dominant theme is that of providing safe and trusting work environments, positive relationships and opportunities for empowerment of employees. Furthermore, employee involvement is highly encouraged and there is a strong corporate commitment to employees. A number of researchers observe fundamental differences between the hierarchy and market forms of design in America and clan forms of design in Japan. Shared values and goals together with cohesion, participation and a sense of teamwork all reflect more positively within clan type firms (Cameron & Quinn, 2006).

Clan cultures are closely aligned with the work of Secretan (2004) and Wheatley (2007). These researchers postulate that organisations of any kind will not be relevant if they seek to exclude employees by creating hierarchies as people generally seek to belong, create relationships and be part of a community. Both Wheatley (2007) and Secretan (2004) identified the importance of organisational cultures as engaging the whole person and

creating holistic symbiotic relationships that result in growth and progression for the individual and the organisation.

2.9.2.4 Adhocracy Culture

The adhocracy culture values innovation, entrepreneurship, creativity, risk-taking and is future thinking. This culture does not have a system of centralised power or authority but a flexible system that allows authority to move from one person to the next as tasks and teamwork require (Cameron & Quinn, 2006). There is typically no organisational chart as it is difficult to map out procedures and policies that are treated as temporary and job-titles and structures often change (Cameron & Quinn, 2006). The adhocracy culture takes many more risks than the other three cultures described and typically attract individuals that are visionary and risk-orientated. A core principal of this culture is to be on the leading edge of products and services therefore individuals that thrive on challenges and that are comfortable with constant change would be engaged in this kind of environment. Individuals who prefer routine, clear structures and are not risk-orientated may be less engaged or not engaged at all in this kind of culture (Cameron & Quinn, 2006).

Each of these cultures have unique characteristics that impact employee engagement differently. The hierarchical culture may negatively impact employee engagement as there is little or no discretion afforded to individual employees. On the other hand, as the clan culture encourages shared-goals, participation and teamwork, with a strong corporate commitment to employees, this culture could be viewed as having a more positive impact on employee engagement as it appears to be more employee-focused (Cameron & Quinn,

51

2006). With regards to a market and adhocracy culture, it is difficult to determine whether it impacts negatively or positively on employee engagement (Cameron & Quinn, 2006).

2.9.3 DECISION-MAKING AND ITS AFFECT ON EMPLOYEE ENGAGEMENT

Organisations that openly provide resources to employees, such as access to information, feedback and autonomy in order to provide them with the opportunity to participate in decision making are considered vital to driving and enhancing employee engagement (Greco, Laschinger & Wong, 2006; Maslach, Schaufeli, et al., 2001). Conversely, according to Karasek et al. (1998), if these resources were found to be absent it would be responsible for creating and enhancing employee job burnout. The Job Demands Control (JDC) model asserts that decision latitude is comprised of skill discretion and that control over decision-making are both integral to determining employee well-being and employee engagement (Karasek et al., 1998).

2.10 SIGNIFICANCE OF EMPLOYEE ENGAGEMENT

Being employed within an organisation is often the main way that most individuals earn an income. As work takes up a good portion of most people's lives, it is often known to define the way people think about themselves. The journey for employees viewing themselves as significant contributors to their workplace gives managers and team leaders the vital task of engaging employees and creating meaningful environments for them. Creating a work setting in which individuals coordinate their aspirations and

actions to create meaning for themselves, value for stakeholders and hope for humanity, have been postulated as crucial ways for creating meaningful work (Ulrich & Ulrich, 2010).

Essentially, when employees are engaged in their work they experience high levels of energy, are enthusiastic about reaching work-related tasks and are often fully engrossed in their work. They therefore take ownership of their tasks, are loyal and are more psychologically committed to the success of the organisation. As a result, these are the employees that will strive for the success of an organisation by constantly looking towards meeting organisational goals and improving their performance (Devi, 2009; Roehling, Roehling & Moen, 2001).
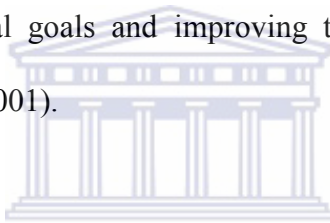
Employee engagement is therefore an important concept for organisations as it has positive consequences and will aid in predicting productivity, job satisfaction, motivation, commitment and low turnover intention (Bakker, Demerouti et al., 2003). According to Baruch-Feldman, Brondolo, Ben-Dayan and Schwartz (2002), findings have shown a significant link between the concept of engagement and increased worker performance to business outcomes, higher job satisfaction levels, increased organisational commitment, increased organisational citizenship behaviour and reduced intent to quit.

It should therefore be the concern of top management and immediate first-line managers/supervisors of an organisation to align efforts with strategy, empower employees, encourage teamwork and collaboration, help people grow and provide

support and recognition where appropriate in order to create a highly engaged workforce (Flade, 2003).

2.11 THE COST OF DISENGAGEMENT

According to Mester et al. (2003), disengaged employees are those who are unhappy at work and purposefully show their unhappiness undermining the work of their engaged co-workers on a daily basis creating negativity in the workplace.

Disengaged employees will therefore tend to do their jobs and nothing more. In extreme cases they may undermine or badmouth the organisation. Only 20% of Australian workers are engaged making disengagement an expensive issue (Buckingham & Coffman, 1999). Not only are there personal costs in terms of employees' wellbeing, disengagement is a cost to organisations in the form of lost productivity, profits and morale. Similarly, Flade (2003) also adds that disengaged employees could cause business problems for organisations such as increased turnover, lower profits and decreased productivity.

In addition to this, Penna (2007) hypothesizes that disengagement in the workplace is characterized by high rates of absenteeism, high staff turnover and low productivity. Coffman and Gonzalez-Molina (2002) contend that disengaged employees are said to drain any organisation from a financial perspective whilst still having to deal with issues such as distrust, resistance, blame and low levels of commitment as demonstrated by employees that are not engaged (Coffman & Gonzalez-Molina, 2002).

2.12 LINKING TRANSFORMATIONAL LEADERSHIP TO EMPLOYEE ENGAGEMENT

One factor which cannot be ignored is that leadership impacts both people and organisations. Whether leadership influence is positive (for example, Sam Walton founder of the largest retailer Wal-Mart) or negative (for example, Adolf Hitler founder of the German Nazi Party), individuals and organisations are changed as the result of their leaders.

From an organisational perspective, leaders relate to their employees and employees relate to their work. Leaders therefore have a choice to either stimulate their followers through material rewards (that is, using a transactional leadership style) or in addition to material rewards, inspire them to work for a cause beyond themselves (that is, using a transformational leadership style).
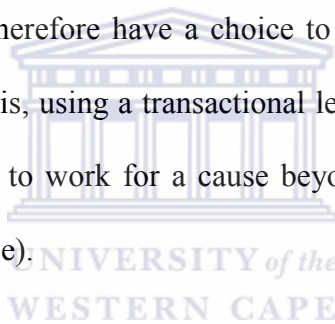
Following this, it was the work of Bass (1999) who categorized leaders as being either transactional or transformational and it was his hypothesis that suggested transformational leaders display a greater performance of leadership as they appeal to the spirit of individuals and are able to motivate them to move beyond self-interest to reach goals for the greater good of the organisation (Bass, 1999). Setting clear inspirational objectives is therefore the first step that transformational leaders take in motivating employees to aspire toward and achieve their goals. Dvir et al. (2002) noted that when corporate leaders are able to explain the vision for the future of the organisation, they are also more likely to help employees understand the value of their contributions toward the

collective vision of the organisation. In doing so, transformational leaders not only allow employees to feel more certain about the road ahead, but they also create and sustain engagement by helping employees see how achieving their goals would contribute to the success of the organisation.

Harter, Schmidt et al. (2003) also hypothesized that when employees are provided with the opportunities to grow and progress intellectually it results in work engagement. Walumbwa, Wang, Lawler and Shi (2004) added that when transformational leaders are able to influence their employees to examine situations more critically and find novel solutions to workplace issues, it encourages them to stay involved, motivated and more positive about their work which essentially adds to the engagement of employees.

Transformational leadership also differs from transactional leadership in terms of providing individualised support to employees – this means respecting employees' needs and feelings. Bass (1999) believed that when transformational leaders bring an individualistic orientation to followers, it creates relationships of trust and loyalty. As gaining confidence, trust and loyalty of followers are typical behaviours of transformational leaders, they are often able to influence workers to make those sacrifices that disengaged workers would not do (Harter, Schmidt et al., 2003).

Transformational leadership also creates meaningfulness in the workplace, encourages freedom to express oneself and understands the importance of self-efficacy. As the leadership behaviour of inspirational motivation enhances meaningfulness, followers

perceive their work in a context which is personally important to them affecting their levels of engagement. Intellectual stimulation by the leader also increases employee freedom to think and express themselves without feeling inhibited, which to a large degree also influences levels of engagement. Lastly, as employees are able to question assumptions and work out their own solutions to problems, this inadvertently stimulates them to become more absorbed in their work as they become fully concentrated and deeply engrossed in their tasks (Harter, Schmidt et al., 2003).

As seen above, transformational leaders differ in their approach to transactional leadership. Literature has shown that transformational leadership is often more effective than transactional leadership in achieving higher levels of improvement and change as transformational leaders intellectually stimulate their employees, challenge their logic and arouse their thinking and creative abilities (Den Hartog, Van Muijen & Koopman, 1997). These are all factors that drive employee engagement therefore, transformational leaders play a significant role in an organisation as it is their ability to positively influence their employees' reality towards working for the good of the organisation which can often result in the success or failure of a company.

In conclusion, as employees become more engaged this will ultimately decrease employee health problems, turnover intentions, exhaustion and cynicism and instead will lead to higher levels of professional, increased productivity and ultimately successful business performance (Schaufeli & Bakker, 2004). The relationship between leadership

and employee engagement has therefore become more and more relevant and important as the well-being of any organisation could depend on it.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

In this chapter the research methodology used in the investigation of the relationship between leadership styles and employee engagement will be discussed. In addition the sampling methods, measuring instruments, issues pertaining to the reliability and validity of these measuring instruments and the methodology employed to gather the data for this research will be presented. The statistical analysis used to assess the hypotheses proposed will conclude the chapter.

3.2 RESEARCH DESIGN

3.2.1 SAMPLING METHOD

A non-probability sampling design was used based on the method of convenience. According to Terre Blanche and Durrheim (1999), convenience sampling is the selection of units from the population which are founded on easy availability and accessibility for convenience. Cooper and Schindler (2001) contend that it is less costly and time consuming and that it satisfactorily meets the sampling objectives. However, there are also disadvantages of using this method. The most obvious criticism about convenience sampling is sampling bias, that is, the sample is not representative of the entire population which results in the limitation of generalisation and inference making about the entire population. Since the sample is not representative of the population, the results of the study cannot speak for the entire population and could result in low external validity of the study (Cooper & Schindler, 2001).

3.3   POPULATION AND SAMPLE SIZE

3.3.1   POPULATION

Sekaran (2000) postulates a population to be a group of people, events or things of interest that is investigated by the researcher. Neuman (2007) defines a research population as a particular pool of cases, individuals or group(s) of individuals which the researcher desires to investigate. The organisation where the research was conducted trades under two separate entities each with its own trading name. For purposes of this research, only one of the two entities was utilized due to time constraints and costs. The population for this specific entity comprises of 600 employees.

3.3.2   SAMPLE

Sekaran (2003, p. 266) postulates that sampling is "the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalise such properties or characteristics to the population elements." Sekaran (2000) also hypothesizes that a sample size between thirty and five hundred subjects is appropriate for most research. A total of 300 questionnaires were distributed to a sample of employees including managerial staff. All the respondents have someone they report to.

3.4   PROCEDURE FOR DATA GATHERING

Once permission from the HR Director was obtained, store managers working in Western Cape stores of this particular entity were telephonically contacted by the researcher and the procedure was explained.

The researcher was then given the opportunity to go to each store and explain the rationale for the study with all employees and managerial staff during morning-meetings.

The staff and managers who were willing to participate met the researcher at an agreed time to complete the questionnaires. Before completing the questionnaires, participants were reassured that their participation in the study was purely voluntary and that they could withdraw at any time. Informed consent was explained and participants were asked to indicate their willingness by means of placing an X at the bottom of the cover page which would imply informed consent. Anonymity was also assured as they were not required to disclose any personal information and they were also informed and reassured that all information acquired was treated with the strictest of confidentiality. The researcher was present at all times to clarify any questions which the participants may have had. Upon completion participants were requested to place their questionnaires in a sealed box labeled "confidential" before leaving the venue.

A total of three hundred (300) questionnaires were distributed. One hundred and four (104) questionnaires were returned yielding an overall response rate of thirty-five percent (35%).

3.5   MEASURING INSTRUMENTS

A quantitative methodology in the form of questionnaires was used to gather the data.

According to Weiers (1988), the advantages of using questionnaires include the cost per questionnaire being relatively low, analyzing questionnaires is relatively straightforward due to its structured information in the questionnaire and they also provide respondents with sufficient time to formulate accurate answers.

However, disadvantages of the utilization of questionnaires relate to the non-responsiveness to some items in the questionnaire. Added to this, participants may fail to return the questionnaire making generalisation a challenge from the sample to population.

The questionnaire comprised of three sections, namely:

Section A: Biographical Questionnaire,

Section B: Multifactor Leadership Questionnaire (Form 5X) and

Section C: Utrecht Work Engagement Scale (UWES-17).

3.5.1   BIOGRAPHICAL QUESTIONNAIRE

The biographical questionnaire contained the following personal information which participants were required to complete, namely: Gender, Age, Race, Educational Level, Years of Service, Type of Employment and Job Title. This information will be used to describe the characteristics of the sample.

3.5.2 MULTIFACTOR LEADERSHIP QUESTIONNAIRE – MLQ (Form 5X)

Transformational leadership is the independent variable in this study and the instrument used to measure leadership is the Multifactor Leadership Questionnaire (Form 5X) (Bass & Avolio, 1995). This questionnaire was used to measure employees' perceptions of their first-line managers/supervisors' leadership styles. Employees rated their leaders on items that differentiated them on either being transformational or transactional leaders.

3.5.2.1 Nature and Composition

The MLQ (Form 5X) as an instrument has been used in a variety of research situations to study transformational, transactional and non-transactional leadership styles according to Bass and Avolio (cited in Dibley, 2009). The questionnaire comprises of 45 items that are answered using a five-point Likert scale for rating observed leader behaviour and ranges from 0 (not at all) to 4 (very often, if not all the time) (Bass & Avolio, 1997). Bass and Avolio (1997) contend that it has also been translated into 18 different languages and has its application in different business, health, military and educational environments resulting in more similarities than differences.

The MLQ (Form 5X) measures the following factors (Bass & Avolio, 1995):

Transformational leadership factors

Factors 1 and 2: Idealised influence – measures attributes and behaviours. These factors are generally defined with respect to reaction to the leader and the leader's behaviour.

Factor 3: Inspirational motivation. This factor may or may not overlap with idealised influence. This leader provides symbols and metaphors and appeals to the emotion to create awareness of goals.

Factor 4: Intellectual stimulation. This is used to challenge old ways and assumptions of how things should be done and accomplished.

Factor 5: Individualised consideration. Followers are treated equally but with different consideration of their developmental needs to provide learning opportunities.

Transactional leadership factors

Factor 6: Contingent reward. This interaction between the leader and the follower stresses the exchange, such as providing appropriate rewards for accomplishing certain agreed-upon goals.

Factor 7: Management by exception (active). The active version of this behaviour is a leader who actively monitors to ensure mistakes are not made and allows the status quo to exist without being addressed.

Factor 8: Management by exception (passive). The passive leader only intervenes when something goes wrong.

The Non-leadership factor

Factor 9: Laissez-faire. This factor indicates the absence of leadership and the avoidance of intervention. There are normally no agreements or transactions with followers.

3.5.2.2 Reliability and Validity

Reliability and validity are two key components to be considered when evaluating a particular instrument. According to Bless and Higson-Smith (2000), reliability is concerned with the consistency of the instrument and an instrument is said to have high reliability if it can be trusted to give an accurate and consistent measurement of an unchanging value.

The validity of an instrument refers to how well an instrument measures the particular concept it is supposed to measure (Whitelaw, 2001). He argues that an instrument must be reliable before it can be valid, implying that the instrument must be consistently reproducible; and that once this has been achieved, the instrument can then be scrutinized to assess whether it is what it purports to be.
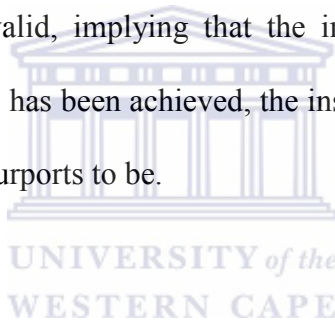
3.5.2.2.1 Reliability of MLQ

Avolio, Bass and Jung (1995) confirmed the reliability of the MLQ by using a large pool of data (N = 1394). According to Avolio, Bass et al. (1995), the MLQ scales exhibited high internal consistency and factor loadings. They reported reliabilities for total items and for each leadership factor scale that ranged from 0.74 to 0.94. As hypothesized by Bass and Avolio (1997), further reliability of the MLQ has been proven through test-retest, internal consistency methods and alternative methods.

In addition to this, Den Hartog et al. (1997) investigated the internal consistency of the MLQ subscales. Their study group consisted of approximately 1200 employees from

several diverse organisations (commercial businesses, health-care organisations, welfare institutions and local governments). Reliability (Cronbach's Alpha coefficient) for the subscales of transformational leadership ranged from 0.72 to 0.93; transactional leadership ranged from 0.58 to 0.78 and laissez-faire leadership was 0.49.

The MLQ has also been tested in the South African environment with Ackermann, Schepers, Lessing and Dannhauser (2000) utilizing the MLQ to determine whether the factor structure of the MLQ, as a measure of transformational leadership, could be replicated in South Africa. Using Cronbach's Alpha coefficient, Ackermann et al. (2000) confirmed the reliability of the three main scales namely, transformational, transactional and laissez-faire within the MLQ. The resultant scores of 0.944, 0.736 and 0.803 were obtained, respectively.
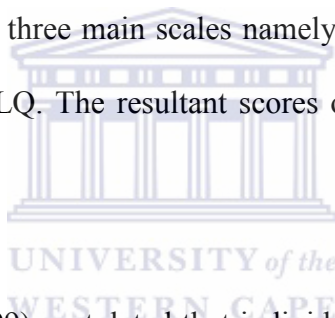
Howell and Hall-Merenda (1999) postulated that individual item reliability for the MLQ was determined by examining factor loadings of the measures on their associated constructs. An examination of the composite scale reliabilities for the leadership behaviour measures indicated that all the internal consistency reliabilities for the constructs were greater than 0.70 (Howell & Hall-Merenda, 1999).

Krishnan (2001) in a test to determine if transformational leaders have a different value system than those who are less transformational found that all the scores for each of the four factors for transformational leadership had high reliability, with the Cronbach Alpha

being not less than 0.91. The scores of the four factors were highly correlated (p<0.001) with correlation ratios being not less than 0.85.

3.5.2.2.2 Validity of MLQ

Pruijn and Boucher (1994) postulated that the MLQ has been tested for validity in many settings. Bass (1985), Bass and Avolio (1989) as well as Yammarino and Bass (1990) have proved content and concurrent validity of the MLQ. Avolio and Bass (2004) also proved construct validity of the MLQ.

In a separate study, Howell and Hall-Merenda (1999) revealed adequate discriminant validity amongst the respective leadership constructs where fourteen samples with 3786 respondents were used to validate the MLQ with Cronbach's Alphas ranging from 0.91 to 0.94.
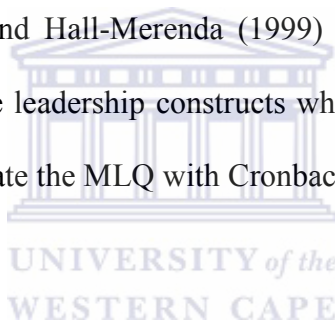
3.5.2.3 Rationale for Inclusion

The MLQ has been proven to demonstrate reliability and validity with its credibility being authenticated internationally.

**3.5.3 UTRECHT WORK ENGAGEMENT SCALE (UWES-17)**

Employee engagement is regarded as the dependent variable in this study and the instrument used to measure engagement was the UWES-17 which was developed by Schaufeli and Bakker (2003).

3.5.3.1 Nature and Composition

The UWES-17 distinguishes three specific dimensions namely vigour, absorption and dedication. The 17-item self-report measure is grouped into three scales: 6 items measure vigour, 5 items measure dedication, and 5 items measure absorption. All items are presented in a five-point Likert scale ranging from 1 (strong disagree) to 5 (strongly agree). Higher scores indicate stronger levels of engagement.

<u>Vigour</u>

Vigour is assessed by six items that refer to high levels of energy and resilience, the willingness to make the effort, avoiding fatigue and demonstrating persistence when faced with difficulties. This measure shows that those who score high on vigour display energy, zest and stamina (Schaufeli & Bakker, 2003).
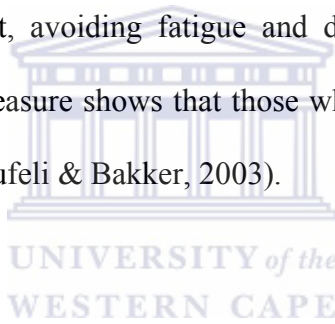
<u>Dedication</u>

Dedication is assessed by five items relating to significance in the workplace and feeling enthusiastic, proud and inspired. Participants who score high on dedication experience strong feelings of identification with their work because it is meaningful, inspiring and challenging. Those who score low on this dimension experience the opposite of challenging, meaningful and inspiring (Schaufeli & Bakker, 2003).

<u>Absorption</u>

Absorption is measured by six items relating to an individual being happily immersed in the work and finding it difficult to detach so that time seems to fly by and everything

around is forgotten. Those who score high on absorption are engaged, committed, immersed and time seems to fly by quickly (Schaufeli & Bakker, 2003).

3.5.3.2 Reliability of UWES

Originally, the Utrecht Work Engagement Scale included 24 items: vigour (9 items), dedication (8 items), and absorption (7 items) (Schaufeli, Salanova et al., 2002). After evaluation of the psychometric properties in two samples of Spanish participants, seven unsound items were eliminated resulting in 17 items. The psychometric properties of responses on the 17-item UWES are presented in the original manual.

In a sample of Spanish students (N = 314) and employees (N = 619), internal consistency reliability estimates for UWES responses were reported for each subscale:
vigour ($<$ = .78 and .79), dedication ($<$ = .84 and .89) and absorption ($<$ = .73 and .72) as postulated by Schaufeli, Salanova et al. (2002).

In addition to this, Schaufeli and Bakker (2003) reported reliability estimates for vigour ($<$ = .83), dedication ($<$ = .92) and absorption ($<$ = .82) in a study with a Dutch sample (N = 2313). Schaufeli and Salanova (2007) also reported reliability estimates in a separate study with a sample of Dutch and Spanish participants (N = 1099) ranging from .70 to .90 for each subscale.

Schaufeli, Salanova et al. (2002) confirm that the three engagement scales contained in the UWES-17 have sufficient internal consistencies and is therefore acceptable. In all

instances, the Cronbach Alpha is equal to or exceeds the value of 0.70 (Cronbach, 1951). The usual range for Cronbach Alpha ranged between 0.80 and 0.90 (Schaufeli & Bakker, 2003).

3.5.3.3 Validity of UWES

The structural validity of UWES scores was evaluated by Schaufeli, Salanova et al. (2002) by means of Confirmatory Factor Analysis (CFA). In a Spanish sample, results indicated that although subscales were correlated (mean r = 63. and .70), a three-factor structure fit the data well. In another CFA, a three-factor model was superior to a one-factor model in a sample of university students from Spain, Portugal and the Netherlands however, not all items were invariant across countries (Schaufeli, Martinez, Pinto, Salanova & Bakker, 2002).

Construct validity studies have focused primarily on the relationship between engagement and burnout. According to the assumption that work engagement is the positive antithesis of burnout, the three dimensions of the UWES are negatively related to the three dimensions of burnout. A number of studies on confirmatory factor analysis (CFA) have provided evidence on the three-factor structure of the UWES (Schaufeli & Bakker, 2003). The construct validity of the UWES has also been examined by international studies showing evidence on discriminant validity for burnout (Schaufeli, Martinez et al., 2002) and convergent validity on other job dimensions which, at least conceptually, should be related (Schaufeli, Taris & Van Rhenen, 2008). In a separate study conducted by Schaufeli, Martinez et al. (2002), the researchers found that the

UWES and Maslach Burnout Inventory (Maslach, Jackson & Leiter, 1996) scales were significantly and negatively correlated (r = -.47 and -.62). The model that fit the data best was comprised of a core burnout factor (exhaustion and cynicism) and an extended engagement factor (vigour, dedication, absorption and professional efficacy). Schaufeli and Salanova (2007) also reported a significant and negative relationship between the UWES and MBI (r = -.58, -.46, -.62, -.20). A two-factor model comprising burnout (exhaustion, cynicism, and inefficacy) and engagement (vigour, dedication, absorption, and professional efficacy) fit the data best.

Storm and Rothman (cited in Dibley, 2009) reported that a one-factor model fit the data in the random, stratified sample of police officers in South Africa (N = 2396). The model was re-specified after deleting items 3, 11, 15 and 16 and then based on the 13-item revision. The fit indices indicated a better fit for the re-specified model ($\chi2$ = 2250.37; df = 18.91; GFI 0.87, AGFI 0.85, PGFI o.68, NFI 0.90; TLI 0.90, CFI 0.91, RMSEA 0.09). Internal consistencies of the three subscales were confirmed at acceptable levels according to the guideline of α = 0.70 (Nunnally & Bernstein, 1994). According to Storm and Rothman (cited in Dibley, 2009), Cronbach Alphas were determined at 0.78 for vigour, 0.89 for dedication and 0.78 for absorption. No evidence of structural inequivalence or item bias was found for the UWES-17 in this particular study.

3.5.3.4 Rationale for Inclusion
The UWES-17 is valid and reliable and has been subjected to rigorous research. Results showed that a three-factor solution of the UWES is invariant across the Dutch and

71

Spanish samples (Schaufeli & Salanova, 2007) with data supporting factor variance and covariance invariance in addition to metric invariance. Internal consistencies of the vigour, dedication and absorption scales are acceptable (Schaufeli & Bakker, 2003).

3.6   STATISTICAL TECHNIQUES

The Statistical Package for the Social Sciences (SPSS) version 20 will be used for all statistical calculations. This will assist in describing the data to be gathered in a more succinct way and will enable the researcher to make inferences about the characteristics of the populations on the basis of the data collected from the sample at this retail organisation. Data analysis will include both descriptive and inferential statistics.

3.7   DESCRIPTIVE STATISTICS

Descriptive statistics will be used to describe and summarize the data which will be collected for this study. As stated by Neuman (2007) this method enables the researcher to present numerical data in a structured, accurate and summarized manner. Means and standard deviations will also be presented. The mean refers to the average of all the values in each data set and the standard deviation is an estimate of the average distance that each score is from the mean (Durrheim, 2002). Furthermore, percentages will also be reported on frequency tables and graphical illustrations that will assist with providing information on key demographic variables.

3.8   INFERENTIAL STATISTICS

According to Sekaran (2000, p. 401), "inferential statistics allow researchers to infer from the data through analyzing the relationship between two variables, differences in variables among different subgroups and how several independent variables might explain the variance in a dependent variable."

For this study, the Pearson's Product Moment Correlation Coefficient will be used to test the hypotheses.

3.9   PEARSON'S PRODUCT MOMENT CORRELATION COEFFICIENT (Pearson r)

According to Leedy and Ormrod (2001), the Pearson Product Moment Correlation Coefficient is the most common of all correlation techniques. Correlation coefficients are used to reveal the strength and direction of relationships between two variables (Cooper & Schindler, 2003; Leedy & Ormrod, 2001).

This study will therefore use the Pearson r to deduce whether there is a statistically significant relationship between transformational leadership and employee engagement, whether there is a statistically significant relationship between transactional leadership and employee engagement and whether transformational leadership is more likely to increase the levels of employee engagement as opposed to transactional leadership. The use of Pearson r will also determine the strength and direction of these relationships.

3.10   SUMMARY OF THE CHAPTER

In summary, this chapter provided an overview of the research design, the sampling design, the data gathering procedure and the statistical techniques that will be used to answer the research questions of this particular study.

The ensuing chapter will discuss and report on the research findings that emanated from the data gathering instruments.

CHAPTER 4

PRESENTATION OF RESULTS

4.1   INTRODUCTION

In the previous section, the research methodology and design utilized during the current study were outlined. The information provided and discussed in the previous chapters will serve as a background against which the contents of this chapter will be presented and interpreted and is based on the empirical analyses conducted to test the hypotheses.

The statistical programme used for the analyses and presentation of data in this research is the Statistical Package for the Social Sciences (SPSS) version 20. The descriptive statistics computed for the study are presented first in an outline of the characteristics of the sample with regards to the variables included in the study.
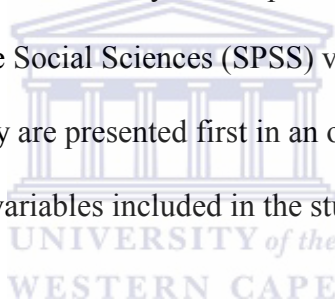
The descriptive statistics calculated for the sample are provided in the sections that follow. That is, the data pertaining to the variables included in the study, as collected by the measuring instruments employed, are summarised by means of calculation of descriptive measures. In this manner, the properties of the observed data clearly emerge and an overall picture thereof is obtained.

This is followed by presentation of the inferential statistics based on examination of each hypothesis formulated for the research. The upper level of statistical significance for null hypothesis testing was set at 5%.

All statistical test results were computed at the 2-tailed level of significance in accordance with the non-directional hypotheses presented (Sekaran, 2003).

4.2   DESCRIPTIVE STATISTICS

This section outlines the descriptive statistics calculated as obtained by the variables included in the biographical questionnaire. The demographic variables that receive attention are:
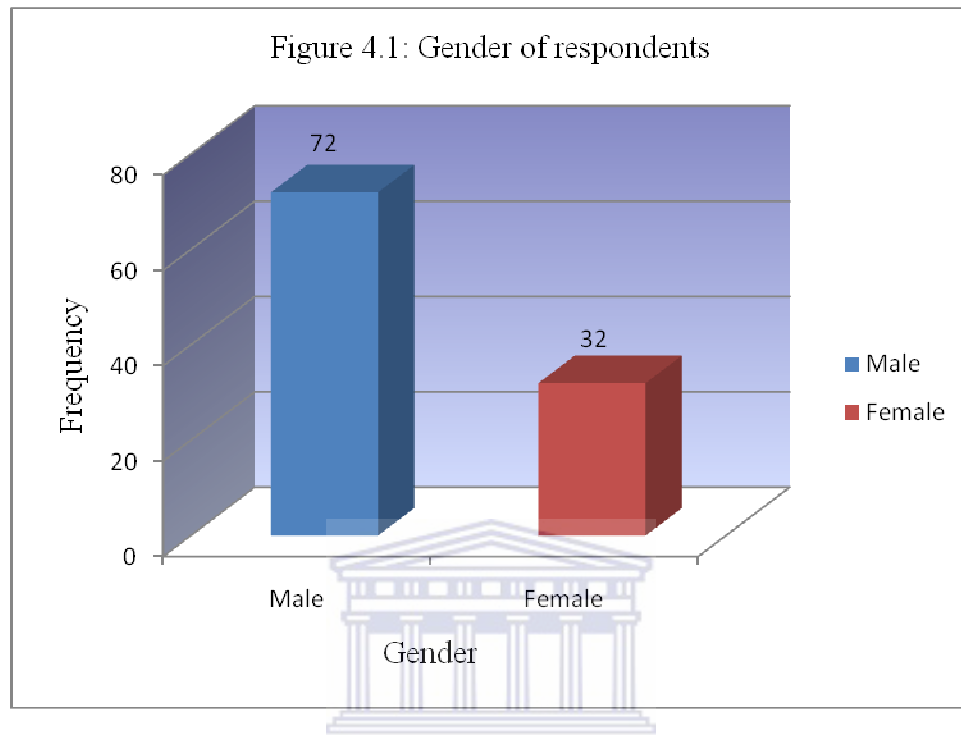
- Gender,

- Age,

- Race,

- Educational Level,

- Tenure,

- Type of Employment and

- Job Title

Descriptive statistics in the form of frequencies and percentages are subsequently graphically presented for each of the above-mentioned variables.

4.2.2 Biographical Characteristics

Figure 4.1: Gender of respondents

It can be seen from figure 4.1, that the majority of the respondents, that is 69% (n=72) were male and the remaining 31% comprised of female respondents (n=32).

Figure 4.2: Age distribution of respondents
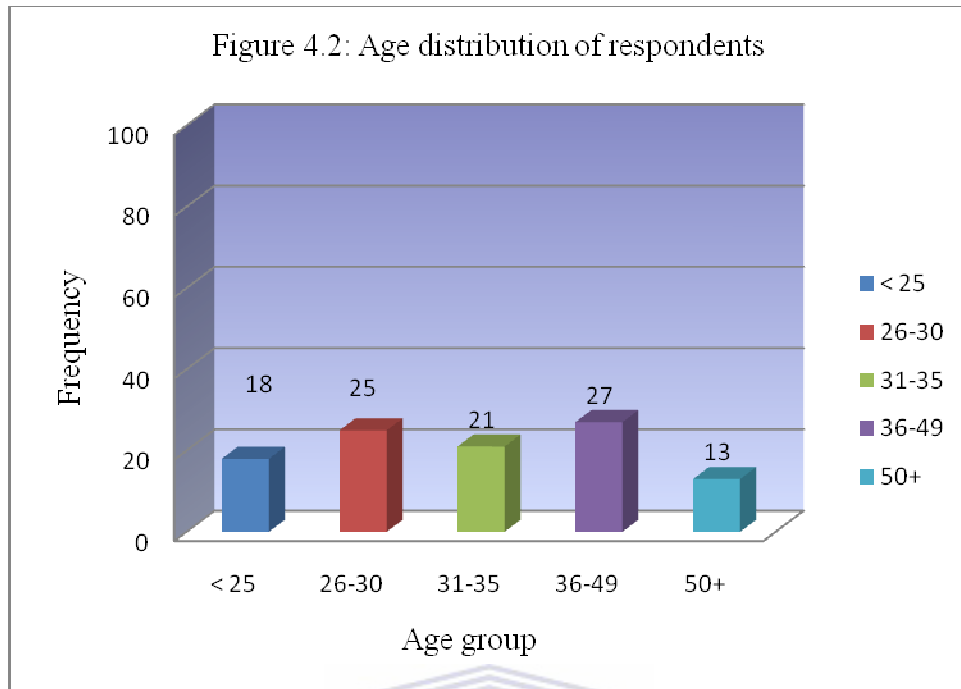
The largest proportion of respondents comprised of respondents in the age group 36-49 years, that is 26% (n=27), followed by those in the age group 26-30 years who constituted a further 24% of the sample (n=25). Those in the age group 31-35 years constituted 20% of the sample (n=21), with a further 18 respondents younger than 25 years (n=18), representing 17% of the sample and those over 50 years made up the remaining 13% of the respondents (n=13).

Figure 4.3: Race of respondents
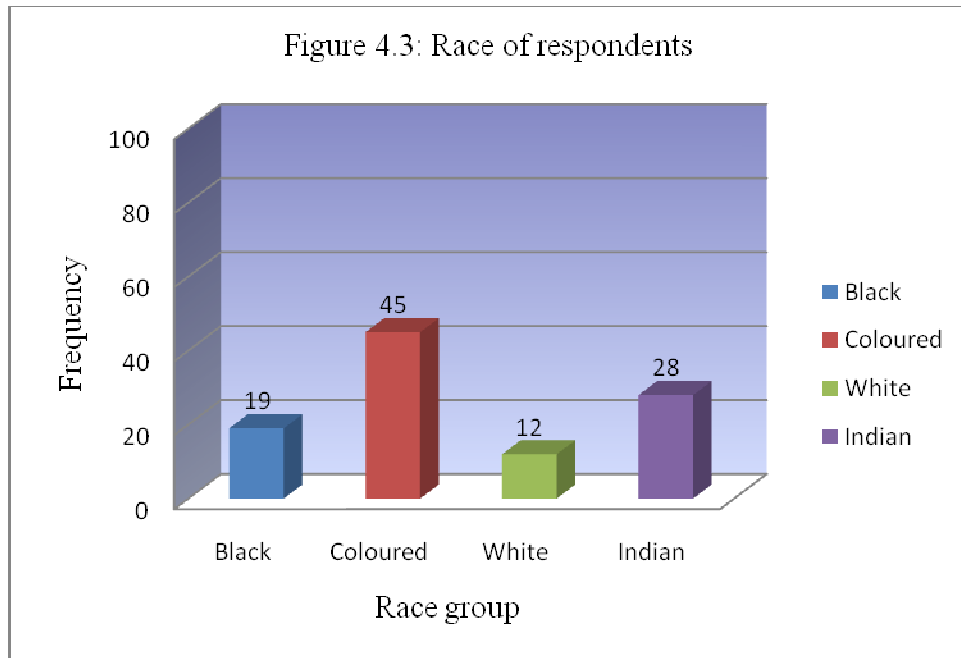
The largest proportion of respondents comprising 43% of the sample was Coloured (n=45), followed by Indian respondents who constituted a further 27% of the sample (n=28). Black respondents represented a further 18% of the sample (n=19) and White respondents made up the remaining 12% of the respondents (n=12).

Figure 4.4: Educational level of respondents
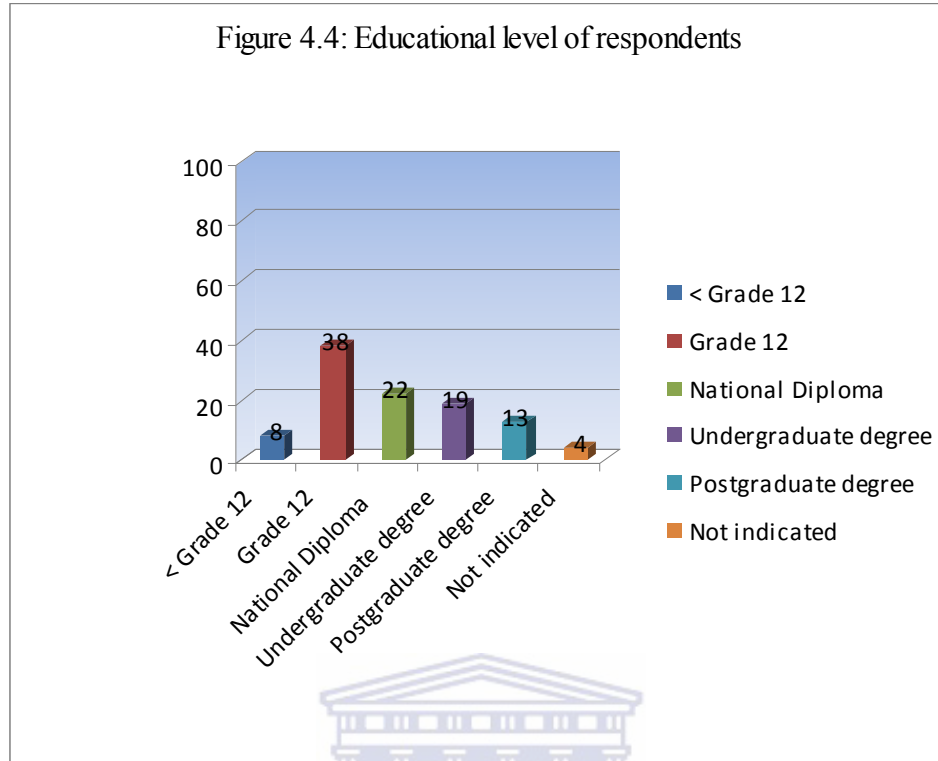
With respect to the educational level of respondents, it may be seen that 38% of the respondents had completed Grade 12 (n=38). Moreover, 22% of the respondents (n=22) had a National Diploma, and 19% (n=19) had completed an Undergraduate degree. Those that had completed Postgraduate degrees comprised 13% of the sample (n=13) and those with lower than grade 12 constituted the smallest proportion of respondents, that is 8% (n=8). Other participants (n=4) did not indicate educational levels.

Figure 4.5: Tenure
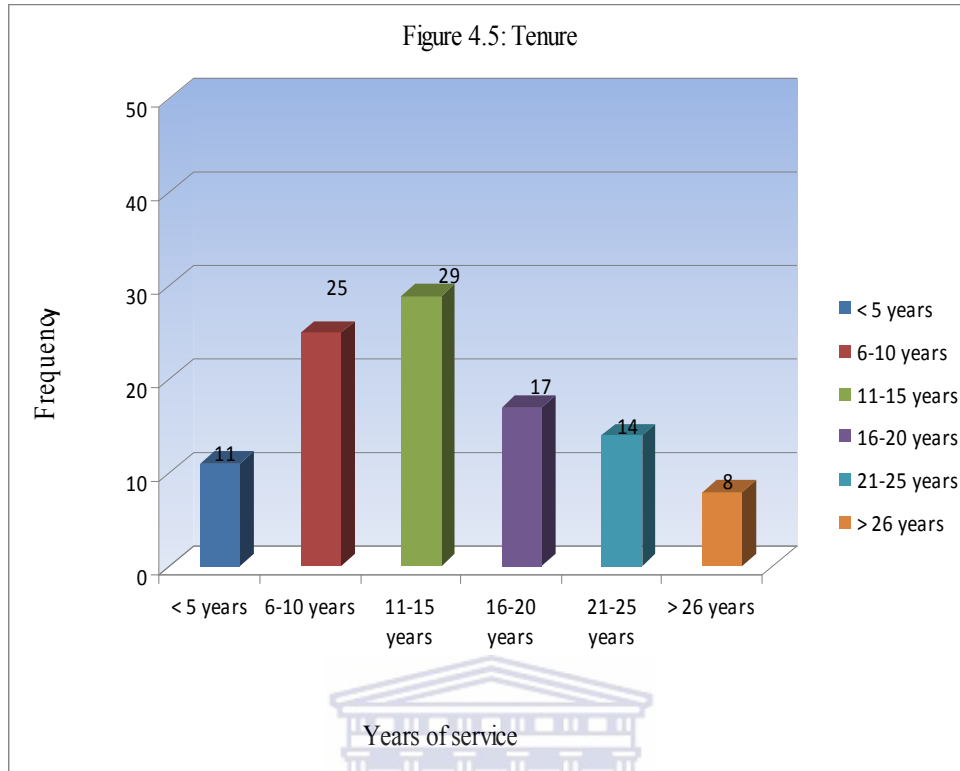
Figure 4.5 indicates that 28% of the sample (n=29) had 11-15 years of service, with an additional 24% of the respondents (n=25) having 6-10 years' service. Moreover, 16% of the sample (n=17) had 16-20 years' service and 13% had worked for the organisation for 21-25 years (n=14). While 11% had worked for the organisation for less than 5 years (n=11), 8% had worked in the organisation for 26 years and more (n=8).

Figure 4.6: Type of Employment
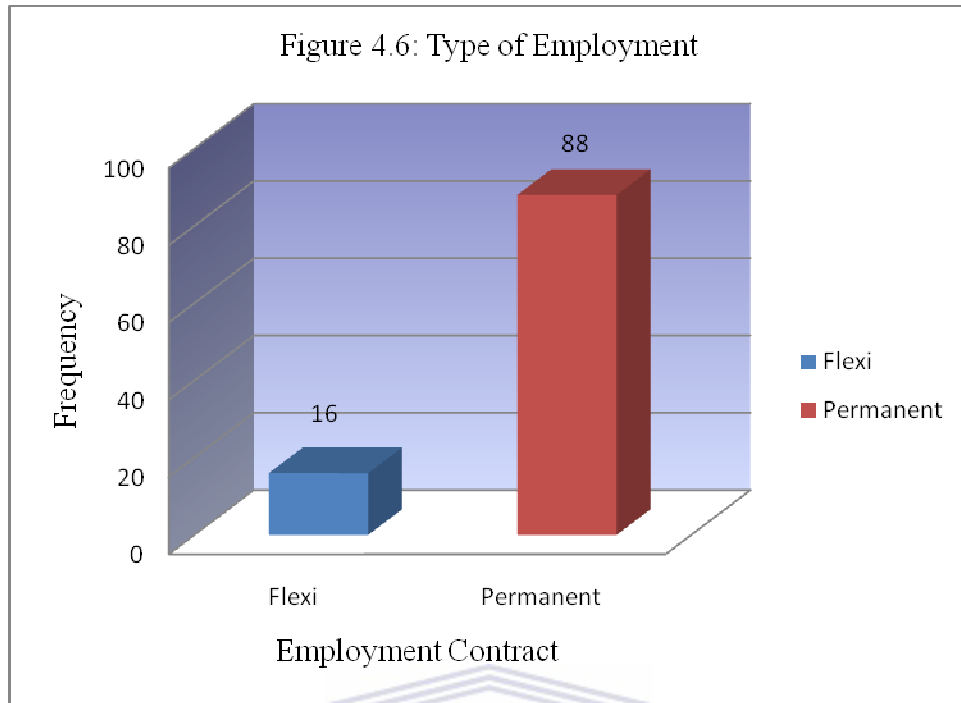
Those respondents who were classified as on flexi contracts comprised 15% of the sample (n=16), while the remaining 85% (n=88) were employed as permanent staff members.

Figure 4.7: Job Title
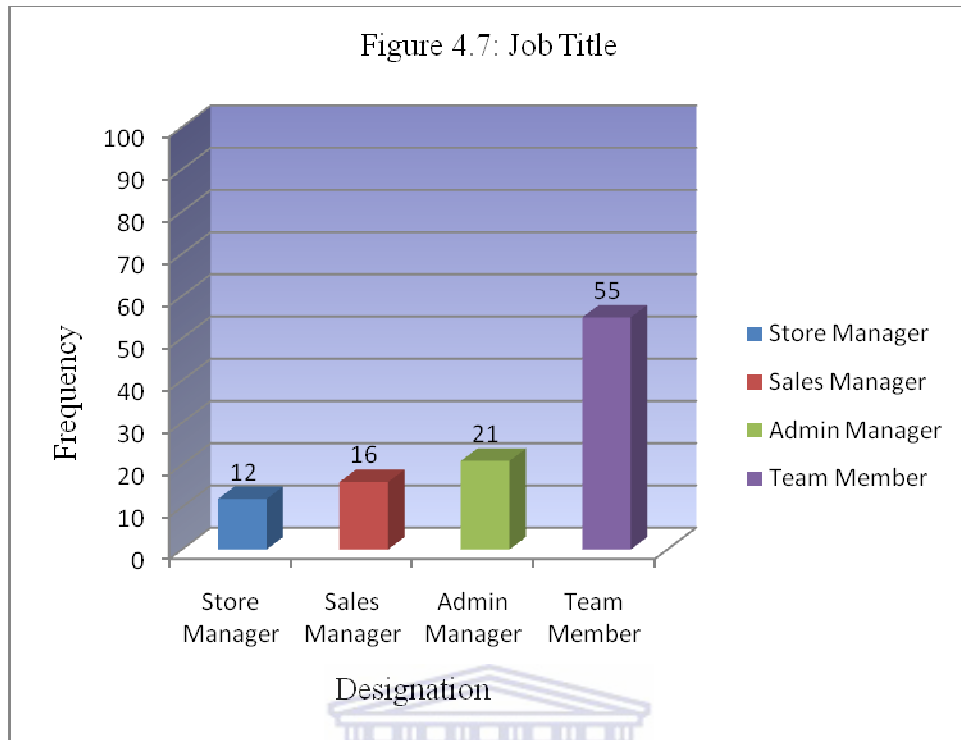
Figure 4.7 indicates that 53% of the sample (n=55) were Team Members, with an additional 20% of the respondents (n=21) being Admin Managers. Moreover, 15% of the sample were Sales Managers (n=16) and 12% (n=12) were Store Managers.

4.2.2. Descriptive Statistics

The descriptive statistics calculated for the sample are provided in the sections that follow. That is, the data pertaining to the variables included in the study as collected by the three measuring instruments employed are summarised by means of graphic representation and the calculation of descriptive measures. In this manner, the properties of the observed data clearly emerge and an overall picture thereof is obtained.

4.2.2.1   Measures of Central Tendency and Dispersion

This section outlines the descriptive statistics calculated on the basis of the variables included in the questionnaire. The measures of central tendency and dispersion for the dimensions of employee engagement are shown in Table 4.1.
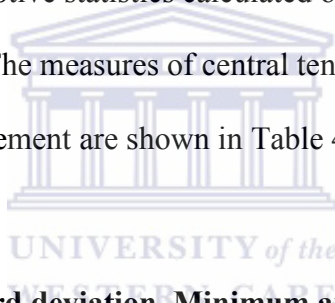
Table 4.1   Means, Standard deviation, Minimum and Maximum scores for the dimensions of employee engagement

Variable	N	Min	Max	Mean	Std. dev.
Vigour	104	1	5	19.28	6.94
Dedication	104	1	5	16.80	7.27
Absorption	104	1	5	21.76	9.20

Figure 4.9: Dimensions of work engagement
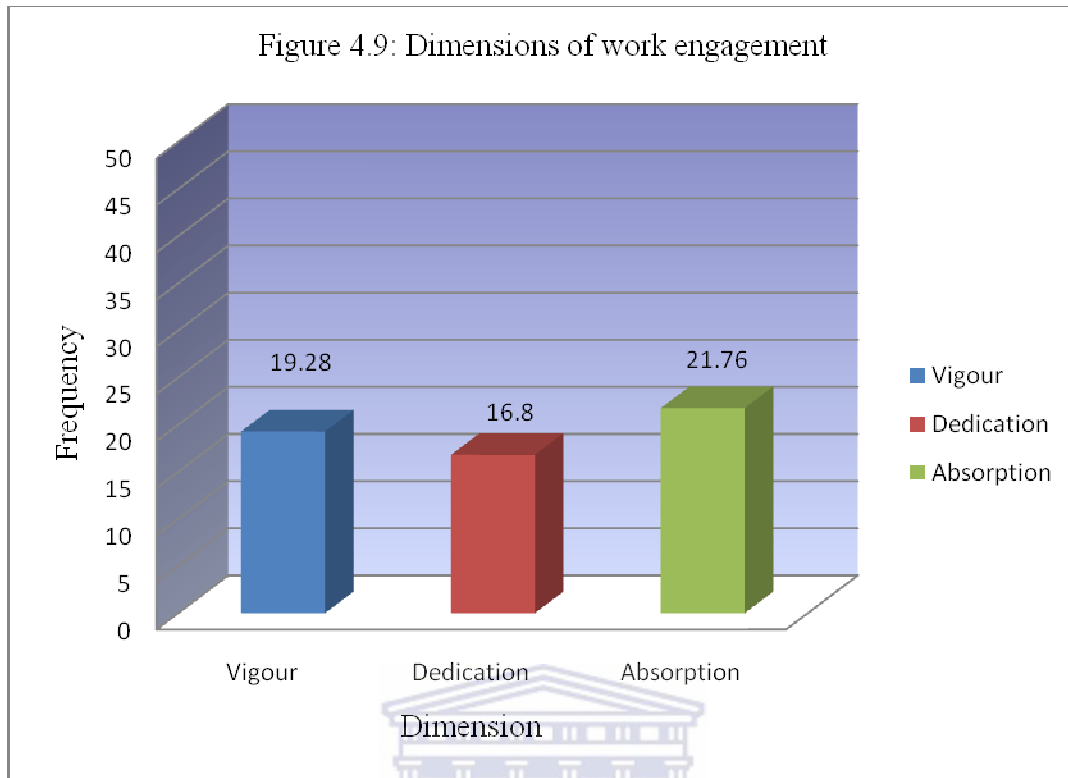
Table 4.1 and Figure 4.9 provide the descriptive statistics for the dimensions of employee engagement. The lowest mean value was for Dedication (Mean=16.80, s.d = 7.27), followed by Vigour (Mean = 19.28, s.d = 6.94), while the highest mean value was for Absorption (Mean = 21.76, s.d = 9.20).

4.3   INFERENTIAL STATISTICS

Inferential statistics in the form of Pearson's Product Moment Correlation Coefficient was computed to determine the relationship between the dimensions of employee engagement and transformational leadership.

Table 4.2:   Pearson's correlation matrix between the dimensions of employee engagement and transformational leadership

	Transformational Leadership
Vigour	0.447**
Dedication	0.593**
Absorption	0.412**

** p < 0.01

Table 4.2 indicates that there is a statistically significant and direct correlation between vigour and transformational leadership (r=.447, p<0.01). Similarly, there is a statistically significant positive relationship between dedication and transformational leadership (r=.593, p<0.01). There is a statistically significant and direct relationship between absorption and transformational leadership (r=.412, p<0.05).

Inferential statistics in the form of Pearson's Product Moment Correlation Coefficient was computed to determine the relationship between the dimensions of employee engagement and transactional leadership.

Table 4.3:   Pearson's correlation matrix between the dimensions of employee engagement and transactional leadership

	Transactional Leadership
Vigour	0.187
Dedication	0.276*
Absorption	0.298*

* p < 0.05

Table 4.3 indicates that there is no statistically significant correlation between vigour and transactional leadership (r=.187, p>0.05). However, there is a statistically significant positive relationship between dedication and transactional leadership (r=.276, p<0.05). There is a statistically significant and direct relationship between absorption and transactional leadership (r=.298, p<0.05).

Table 4.4 Stepwise regression for employee engagement, transactional and transformational leadership

Multiple Regression	0.360			
R squared (R^2)	0.130			
R squared (Adjusted R^2)	0.120			
Standard error	22.228			
			F = 13.552	Significant F = 0.00**
Variables in the equation	B	Std Error for B	T	P
Transformational leadership	1.961	.533	3.612	0.000**
Transactional leadership	0.40	.741	3.681	0.046**

The results shown in Table 4.4 suggest a moderate percentage of the variation in employee engagement explained by transformational and transactional leadership entered in the equation (R^2 = 13.0%; R^2 (adjusted) = 12.0%). Thus 13% of the variance in employee engagement can be explained by transactional and transformational leadership.

The F-ratio of 13.552 (p = 0.00) indicates the regression of these dimensions expressed through the adjusted squared multiple (R^2 (adj.) = 12%) is statistically significant. The results suggest that transformational leadership plays a greater role in predicting

employee engagement compared to transactional leadership. These variables account for 13% of the variance in employee engagement and suggest that other unexplored variables could potentially influence the results.

4.4 RELIABILITY ANALYSIS

Table 4.5 Cronbach's Coefficient Alpha for the dimensions of the UWES questionnaire as well as for the MLQ

Reliability Coefficient			
	No. of cases	Alpha	No. of items
Dedication	104	0.914	5
Absorption	104	0.892	6
Vigour	104	0.794	6
Total employee engagement	104	0.902	17
MLQ	104	0.812	6

Cronbach coefficient alpha was computed for the UWES and MLQ. The UWES's reliability was determined to be 0.902 based on the sample of 104 employees who participated in the current research. Its sub-dimensions were also all shown to be reliable with Cronbach's coefficient alpha exceeding the minimum acceptable level of 0.7 on all the dimensions. In addition, the MLQ also revealed acceptable reliability statistics.

Sekaran (2003) argues that coefficients above 0.7 can be considered to be good indicators of the reliability of an instrument.

4.5   CONCLUSION

This chapter has provided an overview of the most salient findings which emerged from the empirical analysis. The hypotheses which were generated and emanated from engagement with the literature in this area were tested and have been reported on. The next section presents a discussion of the findings obtained and compares findings obtained with other research conducted in this field. It endeavours to elucidate the relationship between leadership and employee engagement.

CHAPTER 5

DISCUSSION OF RESULTS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The purpose of this study was to investigate the relationship between two leadership styles namely, transformational leadership and transactional leadership and employee engagement.

In this chapter the results described in Chapter 4 will be discussed in detail and existing literature will be integrated into the discussion. As a paucity of studies exist in the retail environment reference will be made to other areas where studies have been conducted on these variables. In addition, the chapter will elucidate some of the limitations of the study and conclude suggestions for future research.
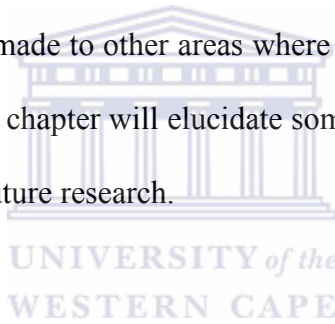
5.1.1 HYPOTHESIS: 1

There is a statistically significant relationship between transformational leadership and the overall dimensions of employee engagement.

Results derived from the current research indicate that a statistically significant and direct correlation exists between transformational leadership and the overall dimensions of employee engagement. Transformational leadership positively predicts all engagement dimensions in this study namely, vigour, dedication and absorption. Hence, the null hypothesis is rejected.

The above research findings are supported by Raja (2012) who investigated the relationship between transformational leadership and employee engagement amongst a sample of 150 respondents that worked in listed service sector firms within the telecommunication and networking, banking, hotel, hospital industry and educational institutions in Pakistan. Data was collected by means of a structured questionnaire using a stratified random sampling technique. He reported that when all aspects of transformational leadership are practiced by the managers it positively impacted on employee engagement.

Raja (2012) also adds that transformational leadership comprises of inspirational motivation, idealised influence, individual consideration and intellectual stimulation. Firstly, when transformational leaders practice inspirational motivation, they act as role models and are able to inspire employees to put the good of the organisation above self-interest. They do this by communicating a clear collective vision and clarifying to employees exactly how their roles in the organisation contribute toward reaching organisational goals and objectives. When employees understand the purpose of their roles and the significance they have in driving the organisation forward, they tend to have a high sense of meaningfulness associated with their work which enhances engagement. Secondly, when transformational leaders apply idealised influence, they talk optimistically and enthusiastically and express confidence that goals will be achieved. These leaders also have the ability to provide clarity when situations are unclear and take risks in order to overcome obstacles. As a result, followers of transformational leaders want to identify with them and emulate them (Walumbwa et al., 2004). Thirdly, when

transformational leaders display individual consideration, they understand that employees each have different needs, aspirations and abilities. They will therefore spend time coaching, actively developing and empowering their employees to improve their performance which inadvertently raises employees' self-efficacy and engagement levels (Schaufeli & Bakker, 2004). Lastly, transformational leaders will intellectually stimulate their employees by challenging their employees to think about creative and innovative methods of solving problems as opposed to looking at the tried-and-tested methods which do not always produce results. Employees of transformational leaders are therefore aroused and experience heightened levels of positive feelings and energy because they are given the opportunity to be involved in the process of advancing the organisation. Schaufeli and Bakker (2004) posits that all these dimensions of transformational leadership positively impacts on employee engagement
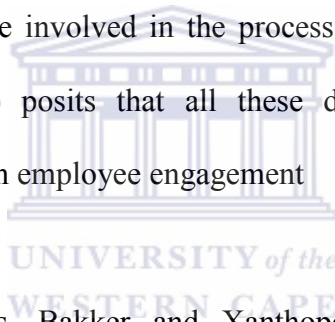
A study conducted by Tims, Bakker and Xanthopoulou (2011) examining how transformational leaders enhance employee engagement also confirm the findings of this study. Their sample consisted of 42 employees working at two different consulting agencies in the Netherlands. Eighty-four percent of the sample worked as consultants at an agency that recruited temps and sixteen percent worked at an industrial consultancy agency. Data was collected by means of a general questionnaire and a diary survey over five consecutive workdays. Results of the study authenticate that transformational leadership positively impacts employee engagement as transformational leaders are able to inspire, motivate and pay special attention to the needs of their employees. By displaying these character traits they are able to positively influence employee levels of

93

optimism and mental resilience. As a result, employees under this leadership style are more driven to go the extra mile and will work harder to achieve their goals that are directly or indirectly linked to the success of the business.

In another study, Zhu, Avolio and Walumbwa (2009) researched the relationship between transformational leadership and employee engagement. Data was collected from a sample of 140 followers and their 48 supervisors from a diverse range of industries in South Africa. Hierarchical linear modeling results show that follower characteristics moderate the positive relationship between transformational leadership and employee engagement. However, more importantly, these researchers propose that transformational leadership has a positive effect on employee engagement particularly, when employees are intellectually stimulated to be creative and innovative thinkers. Relevant to this study, Shamir, House and Arthur (1993) confirm that transformational leaders are able to challenge employees and raise their levels of thinking by giving them the opportunity to share in problem-solving and contribute innovative ideas. As these employees view themselves as adding value to the organisation, their higher order needs are satisfied which cause employees to be more engaged in their work activities. Harter, Schmidt and Hayes (2002) also argue that employees will have higher levels of work engagement when their basic and especially higher order needs are taken care of by their leaders within the organisation.

In addition to this, Shamir et al. (1993) findings also demonstrate that employees' feelings of involvement, cohesiveness, commitment and performance are enhanced by a

94

transformational leadership style. Employees who receive support, inspiration and effective coaching from their supervisors are likely to experience work as more challenging, involving and satisfying, thereby resulting in employees that are highly engaged with their job tasks. Similarly, Schaufeli and Bakker (2004) also contend that transformational leaders who provide job resources such as supervisory support, coaching and opportunities for development would have a positive effect on employee health, motivation and engagement.

Kahn (1990) postulates that employees become emotionally and cognitively engaged when they know what is expected of them, when they have the necessary resources available to do their work and most importantly when they perceive that the work assigned to them is part of something significant. In other words, when employees are involved in their tasks to this extent, they feel a sense of psychological ownership toward their jobs. The more transparent managers can make the organisation's operations, the more employees can effectively contribute towards the success of the organisation. Transformational leaders are therefore key in this regard as they encourage and empower employees to take ownership for their work and will create the appropriate open environment in order for this to take place.

Stairs (2005) also posits that transformational leaders invoke a sense of trust, confidence and belongingness within their followers. The fears of failure when attempting to trial a new concept is therefore reduced as employees feel supported by their leaders. When

employees perceive this sense of support, loyalty and camaraderie to be present in their organisation, they become psychologically contracted and engaged to the organisation.

Steers and Porter (1991) contend that if employees view themselves as significant contributors to the organisation's goals and objectives, they are more likely to perform at a higher level. Employees are also likely to feel a sense of personal ownership for business results if they know what the business objectives are and how the work which they specifically do on a daily basis contributes toward these objectives. As transformational managers are transparent in communicating the link between the two, this positively influences levels of employee engagement.

Contrary to the results of this study, Zhang (2010) argues that people high in need for achievement and clarity try to avoid ambiguity and prefer clearly structured tasks that transactional leaders provide. As transformational leaders are more charismatic and likely to influence employees to devote extra effort at work and do more than what is required without clearly specifying these guidelines, this may cause anxiety and stress for those employees that do not work well under these types of conditions, which could ultimately lead to disengaged employees.

Collins (2001) is of the opinion that transformational leadership is not necessarily a synonym for good leadership and that effective leaders do not have to be transformational. The researcher argues that this therefore paves the way for alternative styles of leadership namely, transactional leadership and how it also positively influences

constructs such as employee engagement, work satisfaction, productivity and commitment levels.

5.1.2   HYPOTHESIS: 2

There is a statistically significant relationship between transactional leadership and the overall dimensions of employee engagement.

Results derived from this research indicate that a statistically significant and direct correlation exists between transactional leadership and the overall dimensions of employee engagement. Moreover, transactional leadership positively predicts two of the three dimensions namely, dedication and absorption but does not positively predict vigour. Hence, the null hypothesis is partially rejected.
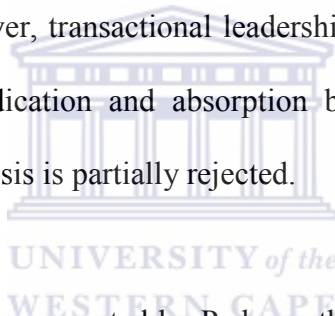
The above research findings are supported by Padmanathan (2010) who investigated the relationship between transformational and transactional leadership styles on employee engagement amongst a sample of 150 respondents from Intel Malaysia. Data was collected by means of two structured questionnaires namely, the Multifactor Leadership Questionnaire and the Utrecht Work Engagement Scale. Correlation analysis and multiple regression analysis conclude that transactional leadership is significantly related to employee engagement. Within a transactional leadership model, the leader identifies which actions must be taken by their employees in order to achieve certain goals and objectives required for the organisation to succeed (Den Hartog et al., 1997). Transactional leaders are therefore very proficient in clarifying exactly which tasks their

employees are required to carry out. Kahn (1990) also contends that employees feel satisfied when their job tasks are specific, clearly defined and challenging. When employees are able to successfully achieve valued work outcomes they perceive themselves to have some sense of ownership over the work and the results they produce. Therefore, this positively drives levels of engagement.

In another study, Metzler (2006) researched the relationship between transformational and transactional leadership styles and employee engagement using a sample of 251 university students who had work experience. His research supports the findings of the current study namely, that transactional leadership positively predicts dedication and absorption. His findings however, also indicate that transactional leadership positively predicts vigour, which is contrary to this study. Given the fundamental assumption that subordinates work in order to receive compensation, transactional leaders are able to motivate their employees through the exchange of resources such as contingent rewards. Offering valuable compensation like increased salaries, incentives and promotions to employees that perform in their duties therefore significantly influences the levels of engagement as employees feel energized, driven and dedicated to achieving organisational goals in exchange for rewards (Metzler, 2006).

Obiwuru, Okwu, Akpa and Nwankwere (2011) also contend that transactional leadership has a significant positive effect on employees and their productivity levels which can be empirically linked to employee engagement. A comprehensive meta-analysis study conducted by Harter, Schmidt et al. (2002) focusing on employee engagement indicated

that employees' level of work engagement is positively associated with productivity, employee satisfaction and customer satisfaction. Furthermore, these researchers posit that transactional leaders will specify clear, articulate and measurable goals and objectives which simplify the execution of key performance areas/duties for employees. In addition to this, transactional leaders also promote trust in their employees as their predictable, clear and consistent way of leading enable employees to understand the boundaries of what is allowed and strongly disallowed. As a result, employees feel in control of their fate and will voluntarily place the necessary emotional and personal energy needed to excel in their work. This in effect results in engaged employees.

Furthermore, results from a quantitative study carried out by Koyuncu, Burke and Fiksenbaum (2006) concerning the engagement of highly educated women in a Turkish bank positively predicts the relationship between transactional leadership and employee engagement. Koyuncu et al. (2006) found that transactional leadership traits namely, reward and recognition is an important antecedent of vigour, dedication and absorption. Similarly, a qualitative study conducted by Kahn (1990) demonstrates a positive effect of reward and recognition on employee engagement.

Burns (cited in Metzler, 2006) postulates that transactional leaders motivate through the exchange of resources namely, contingent rewards, recognition and punishment if needed. These job resources foster employee engagement as they are key factors that motivate people to achieve goals which as a result, support the findings of the current study.

Howell and Avolio (1993) postulate that a pure transactional leadership style might be inappropriate and counterproductive in an environment where change constantly occurs. This is because employees led by transactional leaders often cannot think "out of the box" since they acclimatize and become too accustomed to doing exactly what they are told. As a result, this leadership style can create distress and anxiety within employees that constantly have to practice mental resilience and perseverance to meet amended standards of performance. As a result, this causes highly unproductive and disengaged employees.

5.1.3   HYPOTHESIS: 3

Transformational leadership is more likely to increase the levels of employee engagement as opposed to transactional leadership.
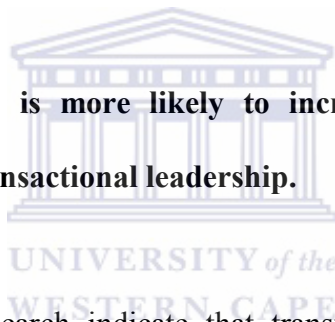
Results derived from this research indicate that transformational leadership plays a greater role in predicting employee engagement as opposed to transactional leadership. Hence, the null hypothesis is rejected.

The above research findings are supported by Hui (2010) who examined effective leadership behaviour for improving employee engagement in the hotel industry. A sample of 354 full-time employees working in five service hotels situated in China was used for the purpose of this study. Data was collected by means of two structured questionnaires namely, the Multifactor Leadership Questionnaire and the Multiple Employee Engagement Inventory. Results indicate that both transformational and transactional

leadership styles positively predict aspects of engagement but that transformational leadership, the more effective style, has greater predictive strength. A probable explanation for this could be that transformational leaders are genuinely centered around trust, building relationships with their employees' and aligning themselves to the continuous development and empowerment of their employees. Building such relationships often foster strong emotional bonds as these relationships are based on admiration, respect and reverence which all positively influence employees' commitment to their jobs. As transformational leaders are able to develop psychological contracts with their employees at these levels, they tend to have a stronger impact on engaging employees as opposed to transactional leaders (Engelbrecht, Van Aswegen, & Theron, 2005).
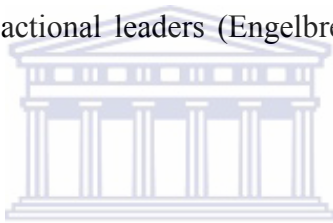
Zhu et al. (2009) contend that transformational leaders are more concerned when it comes to paying closer attention to their followers' needs for achievement, progress and growth and encouraging them to take on greater responsibilities within the organisation than are transactional leaders. Through the use of inspirational motivation and intellectual stimulation, transformational leaders are able to challenge followers to re-examine their traditional ways of doing things and adopt innovative methods to deal with both old and new situations. As feelings of involvement with one's job and making important contributions to the organisation increase, levels of self-identification and psychological meaningfulness within employees are positively affected which ultimately elevates their levels of engagement. Zhu et al. (2009) therefore support the findings of the current study

that transformational leadership is more likely to positively influence levels of engagement than transactional leadership.

Similarly, Bass et al. (2003) argue that through the use of intellectual stimulation, transformational leaders are able to challenge followers to aspire towards original and inventive ways of solving problems and working towards reaching organisational goals. In addition to this, the researcher adds that transformational leaders have the ability to recognize the unique growth and developmental needs of employees and develop employees through methods such as coaching, advising, supporting and mentorship. In contrast to transformational leadership, transactional leadership focuses on short-term, day-to-day leadership and has been considered as a more passive form of leading. Howell and Avolio (1993) contend that contingent rewards is the most active transactional leadership style however, using a contingent rewards approach might be viewed as an attempt to control the follower's behaviour rather than to incentivize it. As a result, if employees link transactional leadership behaviour to increased control and intense levels of unnecessary micro-management, it might have a negative impact on engagement levels within an organisation.

Bass and Avolio (1996) posit that a pivotal aspect of transformational leadership is the fostering of group goals. As this provides opportunities for team work, collaboration and camaraderie, employees have a stronger sense of belonging with their colleagues and leaders. Continuous coaching, support and guidance from transformational leaders are also more likely to raise levels of engagement as opposed to the more militaristic

approach practiced by transactional leaders that purposely places employees under pressure in order to make them follow the desired standards exerted by them.

Yammarino and Bass (1990) also support the findings of the current study. They argue that transformational leadership is more highly related to perceived satisfaction, effectiveness and employee engagement than transactional leadership. They posit that transformational leaders instill devotion and loyalty in their employees, gain a sense of trust and respect from them and will provide a vision, mission and high standards that employees are able to emulate. Compared to transformational leadership, transactional leadership has a rather insignificant contribution to engagement as transactional leaders will only lead through "first order" exchanges. In addition to this, they usually only use external rewards rather than intrinsic motivational methods to engage their employees (Avolio & Bass, 2004).
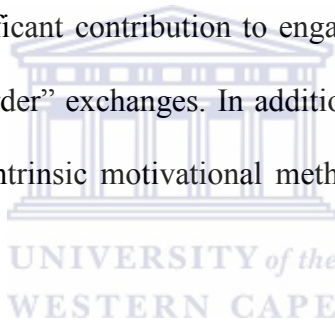
Dvir and Shamir (2003) believe that transformational leaders also show concern for employees' needs, feelings and development of new skills as opposed to transactional leaders. These researchers postulate that transformational leadership increases followers' beliefs that they are making a valuable contribution towards the organisation for which they work that in effect enhances levels of job satisfaction and engagement more so than when following the transactional, routine approach of give and take leadership which does not allow for creative thinking and decision-making.

Contrary to the findings of this study however, Padmanathan (2010) contends that both transformational and transactional leadership positively predicts employee engagement in a study that she conducted with 150 participants from Intel Malaysia. However, her findings revealed that transactional leadership shows more positive effects on employee engagement than transformational leadership.

5.2   LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Firstly, a key concern with researching transformational leadership is that it is very rare to find managers in organisations who truly display the true characteristics of transformational leaders in their ability to inspire, offer individual consideration and intellectual stimulation to employees. As transformational leaders are characteristically more visionary in nature, they are more likely to be found in directorship or executive leadership roles where they drive organisations at the highest strategic level.

Secondly, while there is a plethora of literature available on leadership, particularly transformational leadership, there is a paucity of research examining the actual relationship between transformational and transactional leadership and its impact on levels of employee engagement. Numerous references to leadership and job satisfaction and productivity were available however, they were not relevant to this study.

Thirdly, the Leadership Questionnaire and Work Engagement Questionnaire are self-reported instruments which could lend towards bias, ultimately skewing results of the current study.

Fourthly, although leaders are believed to be important for building employee engagement (Saks, 2006), scientific research has proven that several other variables such as self-efficacy, optimism, self-esteem and satisfaction with co-workers all have a positive effect on engagement (Xanthopoulou, Bakker et al., 2009). Therefore, to determine the most effective way to enhance employee engagement, future research that includes such variables would be required.

Fifthly, the numbers of participants in this study albeit adequate for statistical testing, represents a relatively low response rate. The external validity can be enhanced by the selection of a larger sample.

Sixthly, a combination of both quantitative and qualitative research methodology could be used in future to elicit more in-depth and richer information pertaining to this research topic.

Finally, the sample drawn from the retail company was only conducted in the Western Cape. Generalising findings to retail companies in other provinces is therefore limited.
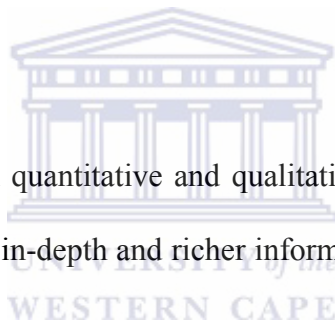
5.3   RECOMMENDATIONS FOR THE ORGANISATION

There is a limited amount of research in understanding how leaders can engage employees in the workplace. While more research is needed, particularly around transactional leadership and its effect on engagement, this study aims to advance the current state of knowledge of both leadership styles (that is, transformational and transactional) and its relationship to employee engagement.

The results of this study indicate that both leadership styles are important prerequisites for employees to be engaged. However, with transformational leadership being proven as more predictive of employee engagement in this study as well as in other studies, it might be worthwhile to recommend that this particular organisation invest in the following recommendations:
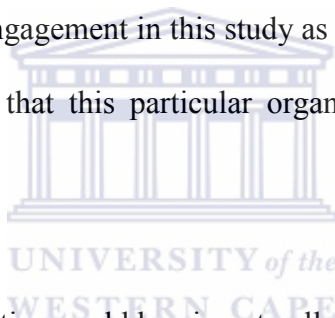
Firstly, comprehensive information could be given to all current managers on the basis of an in-depth understanding of the Multifactor Leadership Questionnaire and what particular type of leadership style they display. It could provide managers with constructive feedback and assist them in leading their departments/teams more effectively (Metzler, 2006).

Secondly, transformational leadership training for these managers is suggested as developing management in this way will not only help them to motivate, stimulate and engage their employees but it will also enhance the overall performance of the business units more positively. In order to engage employees, managers should stimulate their

followers to be more innovative and creative by giving them the platform to question assumptions, reframe problems and approach old situations in new ways.

Thirdly, the formal training of leaders could be reinforced by the implementation of a leadership mentorship programme where the managers are provided with constant developmental feedback on his/her behaviours and how they can link to this the ideal qualities that foster effective and proactive transformational leadership behaviour (Dibley, 2009).

Finally, the HR Department could focus their talent management strategy on attracting, developing and retaining transformational leaders which as result in the long-term, could impact the business in a more positive regard as employees become and remain engaged.
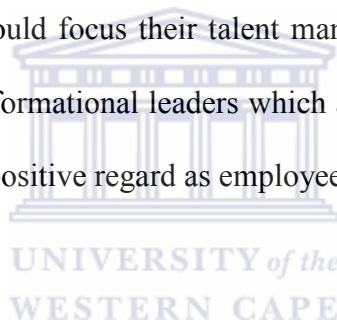
5.4   CONCLUSION

In conclusion, the results from this study support interesting directions for future research. Despite many research findings that transformational leadership is the more optimal style to foster engagement, this research has proven that transactional leadership also positively predicts engagement. Bass (1985) claims that the best leaders are both transformational and transactional however, there are strong emerging patterns of research indicating that transformational leadership has more of a significant effect on employee engagement. It is therefore more beneficial that research be conducted around this phenomenon.

UNIVERSITY *of the*
WESTERN CAPE

REFERENCE LIST

Ackerman, C. P., Schepers, J. M., Lessing, B. C., & Dannhauser, Z. (2000). The factor structure of Bass' multifactor leadership questionnaire in the South African context [Electronic version]. *Journal of Industrial Psychology*, *26*(2), 58-65.

Amos, T., & Ristow, A. (1999). *Human resource management: Small business management series.* Cape Town: Juta.

Avey, J. B., Hughes, L. W., Norman, S. M., & Luthans, K. W. (2008). Using positivity, transformational leadership and empowerment to combat employee negativity. *Leadership and Organisation Development Journal, 29*, 110-126.

Avery, G. C. (2004). *Understanding leadership: Paradigms and cases*. London: Sage.

Avolio, B. J. (2005). *Leadership development in balance: Made/born.* Mahwah, NJ: Lawrence Erlbaum.

Avolio, B. J., & Bass, B. M. (2004). *Multifactor leadership questionnaire: Third edition manual and sampler set.* California: Mind Garden.

Avolio, B. J., Bass, B. M., & Jung, D. I. (1995). *MLQ multifactor leadership questionnaire: Technical report*. Redwood City, CA: Mind Garden.

Avolio, B., & Gardner, W. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. *Leadership Quarterly, 16*, 315-338.

Avolio, B. J., & Luthans, F. (2006). *The high impact leader: Moments matter for accelerating authentic leadership development.* New York: McGraw-Hill.

Avolio, B. J., Waldman, D. A., & Yammarino, F. J. (1991). Leading in the 1990s: The four I's of transformational leadership. *Journal of European Industrial Training, 15*(4), 9-16.

Avolio, B. J., Zhu, W., Koh, W., & Bhatia, P. (2004). Transformational leadership and organisational commitment: Mediating role of psychological empowerment and moderating role of structural distance. *Journal of Organisational Behavior, 25*(8), 951-968.

Bakker, A. B., Demerouti, E., & Schaufeli, W. B. (2003). Dual processes at work in a call centre: An application of the Job Demands: Resources model. *European Journal of Work and Organisational Psychology, 12*, 393-417.

Bakker, A. B., Schaufeli, W. B., Leiter, M. P., & Taris, T. W. (2008). Work engagement: An emerging concept in occupational health psychology. *Work & Stress*, *22*, 187-200.

Ball, G., Trevino, L., & Sims, H. (1992). Understanding subordinate reactions to punishment incidents: Perspectives from justice and social sides. *Leadership Quarterly, 3*, 307-334.

Bandura, A. (1977). *Social learning theory*. Englewood Cliffs, NJ: Prentice Hall.

Baruch-Feldman, C., Brondolo, E., Ben-Dayan, D., & Schwartz, J. (2002). Sources of social support and burnout, job satisfaction and productivity. *Journal of Occupational Health Psychology, 7*, 84-93.

Bass, B. M. (1981). *Stogdill's handbook of leadership*. New York: Macmillan.

Bass, B. M. (1985). *Leadership and performance beyond expectations*. London: Collier Macmillan.

Bass, B. M. (1990). *Stodgills handbook of leadership* (3rd ed.). London: Collier Macmillan.

Bass, B. M. (1998). *Transformational leadership: Industrial, military and educational impact.* London: Lawrence Erlbaum Associates.

Bass B. M. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organisational Psychology, 8* (1), 9-32.

Bass, B. M., & Avolio, B. J. (1989). Potential biases in leadership measures: How prototypes, leniency, and general satisfaction relate to ratings and rankings of transformational and transactional leadership construct. *Educational and Psychological Measurement, 49*, 509-527.

Bass, B. M., & Avolio, B. J. (1990). Developing transformational leadership. *Journal of European Industrial Training, 14*(5), 21-27.

Bass, B. M., & Avolio, B. J. (1994). *Improving organisational effectiveness through transformational leadership.* London: Sage.

Bass, B., & Avolio, B. (1995). *MLQ Multifactor leadership questionnaire.* Redwood City, CA: Mind Garden.

Bass, B. M., & Avolio, B.J. (1996). *Improving organisational effectiveness through transformational leadership*. London: Sage.

Bass, B. M., & Avolio, B. J. (1997). *Full range of leadership: Manual for the multi-factor leadership questionnaire*. Palo Alto, CA: Mind Garden.

Bass, B. M., Jung, D.I., Avolio, B. J., & Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. *Journal of Applied Psychology*, *88*(2), 207-218.

Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Mahwah, NJ: Lawrence Erlbaum Associates Inc.

Bassi, L., & McMurrer, D. (2007). Maximising your return on people. *Harvard Business Review, 85*(3), 115-123.

Baumruk, R. (2004). The missing link: The role of employee engagement in business success, *Workspan, 47*, 48-52.

Blake, R. R., & Mouton, J. S. (1964). *The managerial grid*. Houston TX: Gulf.

Bless, C., & Higson-Smith, C. (2000). *Fundamentals of social research methods: An African perspective.* (3rd ed.). Cape Town: Juta.

Bolman, L., & Deal, T. (2003). *Reframing organisations, artistry, choice, and leadership* (3rd ed.). San Francisco: Jossey-Bass.

Bono, J. E., & Judge, T. A. (2004). Personality and transformational and transactional leadership: A meta-analysis. *The Journal of Applied Psychology, 89*, 901-910.

Buckingham, M., & Coffman, C. (1999). *First, break all of the rules. What the worlds' greatest managers do differently.* New York: Simon & Schuster.

Buhler, P. (2006). Engaging the workforce: A critical initiative for all organisations. *Super Vision, 67*(9), 18-20.

Burns, J. M. (1978). *Leadership*. New York: Harper & Row.

Cameron, K., & Quinn, R. (2006). *Diagnosing and changing organisational culture* (Rev. ed.). San Francisco: Jossey-Bass.

Chin, D. T., & Smith, W. A. (2010). *An inductive model of servant leadership: The considered difference to transformational and charismatic Leadership*. Retrieved March 04, 2012 from *Monash University: Business and Economics*. Web site, http://leadership/works/viewcontent.

Coffman, C., & Gonzalez-Molina, G. (2002). *Follow this path: How the world's greatest organisations drive growth by unleashing human potential*. Warner Books.

Collins, J. (2001). Level 5 leadership: The triumph of humility and fierce resolve. *Harvard Business Review*, *79*(1), 67-76.

Conger, J. A., & Kanungu, R. N. (1998). *Charismatic leadership in organisations*. Thousand Oaks, CA: SAGE.

Cooper, D. R., & Schindler, P. S. (2001). *Business research methods*. New York: McGrew-Hill Companies.

Cooper, D. R., & Schindler, P. S. (2003). *Business research methods* (8th edition). USA: McGraw-Hill.

Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika, 16*, 297-334.

De Lacy, J. C. (2009). *Employee engagement: The development of a three dimensional model of engagement and an exploration of its relation with affective leader behaviours*. Retrieved February 13, 2012, from *Queensland University of Technology*. Web site, http://eprints.qut.edu.au/299711/1/Jonnie_De_Lacy_Thesis.pdf.

Demerouti, E., Bakker, A. B., De Jonge, J., Janssen, P. P. M., & Schaufeli, W. B. (2001). Burnout and engagement at work as a function of demands and control. *Scandinavian Journal of Work, Environment & Health, 27*, 279-286.

Den Hartog, D. N., Van Muijen, J. J., & Koopman, P. L. (1997). Transactional versus transformational leadership: An analysis of the MLQ. *Journal of Occupational and Organisational Psychology, 70*(1), 19-34.

Devi, V. R. (2009). Employee engagement is a two way street. *Human Resource Management International Digest, 17*, 3-4.

Dibley, J. E. (2009). *The relationship between the transformational leadership style of officers and the levels of their followers' work engagement in the South African army.* Retrieved February 27, 2012, from *The University of South Africa*. Web site, http://uir.unisa.ac.za/bitstream/handle/10500/2626/dissertation_dibley.

Durrheim, K. (2002). Research design. In M. Terre Blanche & K. Durrheim (Eds), *Research in practice: applied methods for the social sciences*. Cape Town: University of Cape Town Press.

Dvir, T., Eden, D., Avolio, B. J., & Shamir, B. (2002). Impact of transformational leadership on follower development and performance: A field experiment. *Academy of Management Journal, 45*, 735-744.

Dvir, T., & Shamir, B. (2003). Follower developmental characteristics as predicting transformational leadership: A longitudinal field study. *Leadership Quarterly, 14*, 327-344.

Engelbrecht, A. S., Van Aswegen, A. S., & Theron, C. C. (2005). The effect of ethical values on transformational leadership and ethical climate in organisations. *South African Journal of Business Management*, *36*(22), 19-26.

114

Fiedler, F. E. (1967). *The theory of leadership effectiveness*. New York: McGraw-Hill.

Fiedler, F. E. (1978). The contingency model and the dynamics of the leadership process: Advances in experimental social psychology. *New York: Academic Press, 11*, 59-112.

Flade, P. (2003) Great Britain's workforce lacks inspiration. *Gallup Management Journal*. Retrieved July 25, 2012, from http://www.gallup.com.

Freeney, Y., & Tiernan, J. (2006). Employee engagement: An overview of the literature on the proposed antithesis of burnout. *The Irish Journal of Psychology, 27*, 130-141.

Greenberg, J. (1999). *Managing behaviour in organisations* (2nd ed.). New Jersey: Prentice Hall.

Greenleaf, R. (2002). *Servant-leadership: A journey into the nature of legitimate power and greatness*. Mahwah, NJ: Paulist Press.
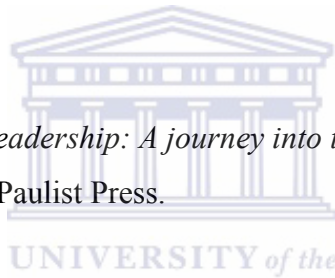
Gregoire, M. B., & Arendt, S. W. (2004). Leadership: Reflections over the past 100 years. *Journal of the American Dietetic Association, 104*, 395-403.

Gibbons, J. (2006). *Employee engagement: A review of current research and its implications*. New York: The Conference Board.

González-Roma, V., Schaufeli, W. B., Bakker, A., & Lloret, S. (2006). Burnout and engagement: Independent factors or opposite poles? *Journal of Vocational Behaviour, 68*, 165-174.

Greco, P., Laschinger, H. K. S., & Wong, C. (2006). Leader empowering behaviours, staff nurse empowerment and work engagement/burnout. *Nursing Leadership, 19*, 41-56.

Hamlin, R.G., & Serventi, S.A. (2008). Generic behavioural criteria of managerial effectiveness. *Journal of European Industrial Training, 32*(4), 286-302.

Hardy, B. (2010). *Servant Leadership and Sir Winston Churchill*. Retrieved February 17, 2012, from *Western Kentucky University*. Web site, http://digitalcommons.wku.edu/stu_hon_thesis.

Harter, J. K., & Schmidt, F. L (2008). Conceptual versus empirical distinctions among constructs: Implications for discriminant validity. Industrial and Organisational Psychology: *Perspectives on Science and Practice*, *1*(1), 36-39.

Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit level relationship between employee satisfaction, employee engagement and business outcomes: A Meta-Analysis. *Journal of Applied Psychology, 87*, 268-279.

Harter, J. K., Schmidt, F. L., & Keyes, C. L. M. (2003). Well-being in the workplace and its relationship to business outcomes: A review of the Gallup studies. *Flourishing; Positive Psychology and the Life Well-Lived,* 205-224.

Hellriegel, D., Jackson, S. E., Slocum, J., Staude, G., Amos, T., Klopper, H. B., Louw, L., & Oosthuizen, T. (2004). *Management* (2nd South African ed*.)*. Cape Town: Oxford University Press Southern Africa.

Hersey, P., & Blanchard, K. H. (1977). *The management of organisational behavior* (3rd ed.), Englewood Cliffs, NJ: Prentice-Hall.

Hersey, P., Blanchard, K. H., & Johnson, D.E. (2001). *Management of organisational behaviour: Leading human resources*. Englewood Cliffs, NJ: Prentice-Hall.

Hewitt Associates LLC. (2005). *Employee engagement*. Retrieved June 19, 2012, from

http://www.hewit.com/hewitt/services/talent/subtalent/employee_engagement.htm.

House, R. J. (1971). A path-goal theory of leadership effectiveness. *Administrative Science Quarterly, 16*, 321-338.

Howell, J. M., & Avolio, B. J. (1993). Transformational leadership, transactional leadership, locus of control and support for innovation: Key predictors of consolidated business unit performance. *Journal of Applied Psychology, 78*, 891-902.

Howell, J. M., & Hall-Merenda, K. E. (1999). The ties that bind: The impact of leader-member exchange, transformational and transactional leadership and distance on predicting follower performance. *Journal of Applied Psychology, 84* (5), 680-694.

Hughes, R. L., Ginnett, R.C., & Curphy, G. J. (1993). *Leadership: Enhancing the lessons of experience*. Boston: Irwin.

Hui, Z. (2010). Employee engagement and effective leadership in hotel service industry in China. *Information Management and Engineering Conference Publications,* 330-334.

Ivancevich, J. M., & Matteson, M. T. (2002). *Organisational behaviour and management* (6th ed.). Boston: McGraw-Hill.

Jung, D. I., & Avolio, B. J. (1999). Effects of leadership style and followers' cultural orientation on performance in group versus individual task conditions. *Academy of Management Journal, 42*, 208-218.

Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal, 33*(4), 692-724.

Karasek, R., Brisson, C., Kawakami, N., Houtman, I., Bongers, P., & Amick, B. (1998). The Job Content Questionnaire (JCQ): An instrument for internationally comparative assessments of psychosocial job characteristics. *Journal of Occupational Health Psychology*, *3*, 322-355.

Koontz, H., & Weihrich, H. (2008). *Essentials of management*: *An international perspective* (7th ed.). New Delhi: Tata McGraw-Hill Publishing.

Kouzes, J. M., & Posner, B. Z. (2007). *The leadership challenge* (2nd ed.). San Francisco: Jossey-Bass.

Koyuncu, M., Burke, R. J. & Fiksenbaum, L. (2006). Work engagement among women managers and professionals in a Turkish bank: Potential antecedents and consequences. *Equal Opportunities International, 25,* 299-310.

Krishnan, R. (2001). Human resources practices and the bottom line in Russian subsidiaries: Research brief. *Academy of Management Executive, 15*(4), 134-140.

Leedy, P. D. & Ormrod, J. E. (2001). *Practical research: Planning and design.* (7th ed.). Merrill Prentice Hall.

Liu, W., Lepak, D. P., Takeuchi, R., & Sims, H.P. (2003). Matching leadership styles with employment modes: Strategic human resource management perspective. *Human Resource Management Review, 13*(1), 127-152.

Lockwood, N. R. (2007). Leveraging employee engagement for competitive advantage: HR's strategic role. *SHRM,* 2-11.

Macey, W. H., & Schneider, B. (2008). The meaning of employee engagement. *Industrial and Organisational Psychology, 1*(1), 3-30.

Mann, R. D. (1959). A review of the relationship between personality and performance in small groups. *Psychological Bulletin, 66*(4), 241-270.

Maslach, C., Jackson, S. E., & Leiter, M. (1996). *Maslach burnout inventory.* Manual (3rd ed.). Palo Alto, CA: Consulting Psychologists Press.

Maslach, C., Schaufeli, W. B., & Leiter, M. P. (2001). Job burnout. *Annual Review of Psychology*, *52*, 397-422.

Maslow, A. (1999). *Toward a psychology of being*. Wiley and Sons.

Masood, S. A., Dani, S. S., Burns, N. D., & Backhouse, C. J. (2006). Transformational leadership and organisational culture: The situational strength perspective. *Journal of Engineering Manufacture, 220*, 941-949.

McGregor, D. (1960). *The human side of enterprise.* New York: McGraw Hill.

Mester, C., Visser, D., Roodt, G. & Kellerman, R. (2003). Leadership style and its relation to employee attitudes and behaviour. *SA Journal of Industrial Psychology, 29* (2), 72-82.

Metzler, J. (2006). *The relationships between leadership styles and employee engagement*. Retrieved February 13, 2012, from *San Jose State University*. Web site, http://scholarworks/sjsu/edu/cgi/viewcontent.

Neuman, W. L. (2007). *Basics of social research: Qualitative and quantitative approaches.* Boston: Pearson/Allyn and Bacon.

Nielsen, K., Randall, R., Yarker, J., & Brenner, S. (2008). The effects of transformational leadership on followers' perceived work characteristics and psychological well-being: A longitudinal study. *Work and Stress, 22*, 16-32.

Northouse, P. (2004). *Leadership: Theory and practice* (3rd ed.). Thousand Oaks, CA: Sage.

Nortje, A. (2010). Employee engagement through leadership [Electronic version]. *Management Today*, 18-20.

Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York: McGraw-Hill.

Obiwuru, T. C., Okwu, A. T., Akpa, V. O., & Nwankwere, I. A. (2011). Effects of leadership style on organisational performance: A survey of selected small scale enterprises in ikosi-ketu council development area of Lagos state, Nigeria. *Australian Journal of Business and Management Research, 1*(7), 100-111.

Olivier, A. L., & Rothmann, S. (2007). Antecedents of work engagement in a multinational oil company. *South African Journal of Industrial Psychology, 33*(3), 49–56.

Padmanathan, S. R. (2010). Leadership styles and employee engagement. Retrieved November 03, 2011, from Universiti Utara Malaysia. Web site, http://etd.uum.edu.my/2682.

Penna. 2007. *Meaning at work research report*. Retrieved April 03, 2012, from http://www.e-penna.com/newsopinion/research.

Pfeffer, J. (2005). Producing sustainable competitive advantage through the effective management of people. *Academy of Management Executive, 19*(4), 95-106.

Piccolo, R. F., & Colquitt, J. A. (2006). Transformational leadership and job behaviors: The mediating role of core job characteristics. *Academy of Management Journal*, 49, 327-340.

Pruijn, G. H. J., & Boucher, R. L. (1994). The relationship of transactional and transformational leadership to organisational effectiveness of Dutch national sports organisations. *European journal of sports management*, *2*(1), 72-87.

Rafferty, A. M., Maben, J., West, E., & Robinson, D. (2005). What makes a good employer? *Global Nursing Workforce Project: Issue paper 3*.

Raja, M. W. (2012). Does transformational leadership leads to higher employee work engagement: A study of Pakistani service sector firms. *International Journal of Academic Research in Business and Social Sciences, 2*(1), 160-166.

Robbins, S. P. (2001). *Organisational behaviour* (9th ed.). Engelwood Cliffs, NJ: Prentice-Hall.

Robinson, D., Perryman, S., & Hayday, S. (2004). *The drivers of employee engagement.* Brighton, UK: Institute for Employment Studies.
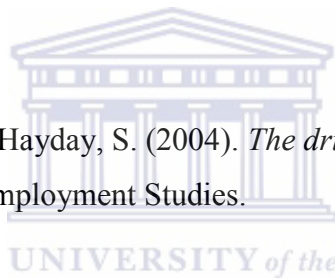
Roehling, P. V., Roehling, M. V., & Moen, P. (2001). The relationship between work-life policies and practices and employee loyalty: A life course perspective. *Journal of Family and Economic Issues, 22*, 141-170.

Rothmann, S. (2003). Burnout and engagement: A South African perspective. *SA Journal of Industrial Psychology, 29* (4), 16-25.

Russel, J. E. A. (2008). Promoting subjective well-being at work. *Journal of Career Assessment, 16*, 117-131.

Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology, 21*(7), 600-619.

Salanova, M., Peiro´, J. M., & Schaufeli, W. B. (2002). Self-efficacy specificity and burnout among information technology workers: An extension of the job demands-control model. *European Journal of Work and Organisational Psychology, 11*(1), 1–25.

Schaufeli, W. B., & Bakker, A. B. (2003). *Utrecht work engagement scale*. Utrecht: Occupational Health Psychology Unit.

Schaufeli, W. B., & Bakker, A. B. (2004). Job demands, job resources and their relationship with burnout and engagement: A multi-sample study. *Journal of Organisational Behaviour, 25*, 293-315.

Schaufeli, W. B., Martinez, I. M., Pinto, A. M., Salanova, M., & Bakker, A. B. (2002). Burnout and engagement in university students. *Journal of Cross-Cultural Psychology, 33*(5), 464-481.

Schaufeli, W. B., & Salanova, M. (2007). Work engagement: An emerging psychological concept and its implications for organisations. In S. W. Gilliland, D. D. Steiner, & D. P. Skarlicki (Eds.), *Research in social issues in management: Managing social and ethical issues in organisations*, 135-177. Greenwich, CT: Information Age Publishers.

Schaufeli, W. B., Salanova, M., González-Romá , V. G., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. *Journal of Happiness Studies, 3*(1), 71-92.

Schaufeli, W. B., Taris, T. W., & Van Rhenen, W. (2008). Workaholism, burnout and work engagement: Three of a kind or three different kinds of employee well-being? *Applied Psychology: An International Review, 57*(2), 173-203.

Scheier, M. F., & Carver, C. S. (1992). Effects of optimism on psychological and physical well-being: Theoretical overview and empirical update. *Cognitive Therapy and Research, 16*, 201−228.

Secretan, L. (2004). *Inspire what great leaders do*. Hoboken, NJ: John Wiley & Sons.

Seijts, G. H., & Crim, D. (2006).What engages employees the most or the ten C's of
employee engagement. *Ivey Business Journal, 70*(4), 1-5.

Sekaran, U. (2000). Research methods for business: A skill-building approach. (3rd
ed.). New York: John Wiley & Sons, Inc.

Sekaran, U. (2003). *Research methods for business: A skill building approach*. USA:
John Wiley & Sons, Inc.

Shamir, B., House, R. J., & Arthur, M. B. (1993). The motivational effect of charismatic
leadership: A self-concept based theory. *Organisation Science, 4*, 577-594.

Smith, B. N., Montagno, R. V., & Kuzmenko, T. N. (2004). Transformational and servant
leadership: Content and contextual comparisons. *Journal of Leadership and
Organisational Studies*, *10*(4), 80-91.

Spears, L. C., & Lawrence, M. (Eds.). (2002). *Focus on leadership: Servant leadership
for the 21st century*. New York: John Wiley & Sons.

Stairs, M. (2005). Work happy: Developing employee engagement to deliver competitive
advantage. *Select. Dev. Rev, 21*(5): 7-11.

Steers, R. M., & Porter, L. W. (1991). *Motivation and work behavior* (5th ed.). New
York: McGraw-Hill.

Stogdill, R. M. (1948). Personal factors associated with leadership: A survey of the
Literature. *Journal of Psychology, 25*, 35-71.

Stogdill, R. M. (1974). *Handbook of leadership: A survey of the literature.* New York: Free Press.

Tan, H. H., & Tan, C. S. (2000). Toward the differentiation of trust in supervisor and trust in organisation. *Genetic, Social & General Psychology Monographs, 126*(2), 241-261.

Terre Blanche, M., & Durrheim, K. (1999). *Research in practice: Applied methods for the Social Sciences*. Cape Town: University of Cape Town Press.

Tims, M., Bakker, A. B., & Xanthopoulou, D. (2011). Do transformational leaders enhance their followers' daily work engagement? *The Leadership Quarterly*, *22*, 121-131.

Ulrich, D., & Ulrich, W. (2010). *The why of work: How great leaders build abundant organisations that win*. United States: McGraw-Hill.

Walton, S. (1996). Made in America: My story. United States: Bantam Books.

Walumbwa, F. O., Wang, P., Lawler, J. J., & Shi, K. (2004). The role of collective efficacy in the relations between transformational leadership and work outcomes. *Journal of Organisational and Occupational Psychology, 77*, 515-530.

Wang, P., & Walumbwa, F. O. (2007). Family-friendly programs, organisational commitment and work withdrawal: The moderating role of transformational leadership. *Personnel Psychology, 60*(2), 397-427.

Weiers, R. M. (1988). *Marketing research* (2nd ed.). Englewood Cliffs: Prentice Hall.

Wheatley, M. (2006). *Leadership and the new science, discovering order in a chaotic world* (3rd ed.). San Francisco: Berrett-Koehler.
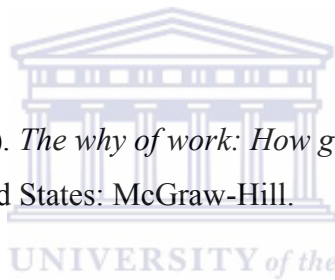
Wheatley, M. (2007). *Finding our way: Leadership for an uncertain time*. San Francisco: Berrett-Koehler.

Whitelaw, P. A. (2001). Reliability and validity: The terrible twins of good research. *MLQ Network Newsletter*, 108-110.

Xanthopoulou, D., Bakker, A. B., Demerouti, E., & Schaufeli, W. B. (2007). The role of personal resources in the job demands-resources model. *International Journal of Stress Management, 14*, 121-141.

Xanthopoulou, D., Bakker, A. B., Demerouti, E., & Schaufeli, W. B. (2009). Work engagement and financial returns: A diary study on the role of job and personal resources. *Journal of Occupational and Organisational Psychology, 82*(1), 183-200.

Yammarino, F. J., & Bass, B. M. (1990). Transformational leadership and multiple levels of analysis. *Human Relations, 43*(10), 975-995.
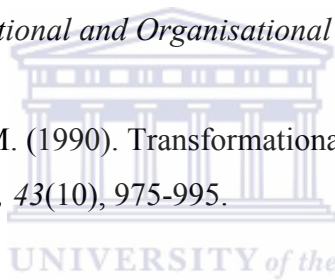
Yammarino, F., & Dubinsky, A. (1994). Transformational leadership theory: Using levels of analysis to determine boundary conditions. *Personal Psychology, 47*(4), 787-811.

Yukl, G. (2002). *Leadership in organisations.* Engelwood Cliffs, NJ: Prentice-Hall.

Zhang, T. (2010). *The relationship between perceived leadership styles and employee engagement: The moderating role of employee characteristics*. Retrieved March 28, 2012, from *Macquarie University*. Web site, http://minerva.mq.edu.au.

Zhu, W., Avolio, B. J., & Walumbwa, F. O. (2009). Moderating role of follower characteristics with transformational leadership and follower work engagement. *Group & Organisation Management, 34*(5), 590-619.