

# Exploring Soft Attributes of Leadership within the Market and Social Research Industries in Gauteng Province using Statistical Analysis

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## Abstract

The purpose of this paper is to identify the 'soft' attributes of leadership within the Market and Social Research Industries in Gauteng Province, South Africa. A two-stage sampling procedure comprising of stratified random sampling and systematic random sampling were used to select a sample of 261 full-time employees for the quantitative phase of the study. An overall Cronbach alpha of 0.982 showed that the results are statistically reliable. The general concept of soft leadership was coined by Prof M.S. Rao who considered the 11C's characteristics. There are number of other variances of the soft skills in leadership literature and the soft skills concepts fall under the umbrella of Emotional Intelligence (EI).

The data was analysed using different statistical tools in SPSS software. Stepwise regression analysis was used to identify the soft attributes of leadership that drive overall leadership style. The attributes retained in the model clearly show the importance of good leadership practices and also point to the fact that the manager related attributes directly or indirectly influence proper execution of the job by their subordinates. The researcher also used confirmatory factor analysis to test the model that was produced in the exploratory factor analysis. The combination of different statistical analyses produced rich, powerful and complementary set of results that help to understand the drivers of overall leadership. Although the attributes referred to as soft in this paper, they are the most important salient attributes that any leader should have. The paper also lists some qualitative attributes that a leader should have.

This is extracted from a DBL awarded paper from School

of Business Leadership; University of South Africa entitled 'A Statistical Model for Employee Satisfaction in the Market and Social Research Industries in Gauteng Province.'

**Keywords:** Leadership, Regression Model, Goodness of Fit, Confirmatory, Soft Attribute

## Introduction

It is generally accepted that the effectiveness of any grouping of people is largely dependent on the quality of its leadership and senior management. Heifetz, Grashow and Linsky (2009) proposed that to distribute leadership responsibility more widely, one needs to mobilise everyone to generate solutions, by increasing the information flow that allows people across the organisation to make independent decisions and share the lessons they learn from innovative efforts. Ireland and Hitt (2005) mentioned that competition in the 21<sup>st</sup> century's global economy will be complex, challenging, and filled with competitive opportunities and threats. Further, Ireland and Hitt (2005) argue that effective strategic leadership practices can help firms enhance performance while competing in turbulent and unpredictable environments.

In agreement with Ireland and Hitt (2005), Castro and Martins (2010) argue that organisations in the 21<sup>st</sup> century are facing more challenges than ever before. These challenges are not unique to any specific organisations but affect all organisations regardless of their structure or size (Castro and Martins, 2010). Organisational climate in particular is constantly challenged by changes impacting organisations (Nair, (cited in Castro and Martins, 2010)).

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To survive and outdo their competitors, organisations are constantly seeking to improve their performance (Castro and Martins, 2010).

As expected, common sense tells us that management style affects people in the same way as the weather does to the environment. The chilly climate and sudden storms of “autocratic” leadership can turn work into a permanent winter of discontent for employees. In contrast, the consistent and predictable temperatures of an organisation founded on empowerment and involvement make employees more relaxed and willing to contribute towards the improvement of the organisation. Ireland and Hitt (2005) remarked the following important points:

*Insightful top managers recognise that it is impossible for them to have all the answers, are willing to learn along with others, and understand that the uncertainty created by the global economy affects people at the top as well as those lower down in the organisation.*

Indeed, leadership is critical in any organisation, and so are the employees who do the actual job, as envisaged by the leadership. Hence, it is important to continue researching into this very important area of leadership.

## Rationale and Significant of the Paper

There are a lot of studies on leadership which use different statistical analyses. This paper aims to add to the body of knowledge by exploring the drivers of leadership that are important in enhancing the overall leadership aspects of a leader. These attributes are referred to as “soft” attributes in this paper. The general concept of soft leadership was coined by Prof M.S. Rao. The characteristics that Prof Rao discussed were mostly the 11 C’s namely Character, Charisma, Conscience, Conviction, Courage, Communication, Compassion, Commitment, Consistency, Consideration and Contribution. One example of a leader who had all the 11 C’s was Mahatma Gandhi. This paper does not concentrate on the 11C’s enumerated by Prof. Rao but considers the attributes that were measured in the study. There are other numbers of variances of the soft skills in leadership literature. These soft skills fall under the umbrella of Emotional Intelligence (EI). Although the attributes referred to as soft in this paper; they are the most important salient attributes that any leader should have.

## Layout of the Paper

This paper is organised as follows:

- Section 1 provides an introduction to the paper and consists of subsections on rationale and significance of the research as well as layout of the paper.
- Section 2 gives a brief overview of leadership and employee satisfaction as well as discussing the South African Market and Social research industries in the South African context.
- Section 3 covers research design, reliability, validity and ethical considerations as well as the sample size covered by the survey.
- Section 4 covers the data analysis and the results of regression analysis. Results of confirmatory factor analysis are briefly discussed. Section 5 discusses the results of the paper.

## Leadership and Employee Satisfaction

It is the researcher’s belief that leadership and employee satisfaction studies differ from industry to industry. It would also be further interesting to conduct such a study in small organisations, since most of the leadership styles and employee satisfaction studies are based on medium to large firms. In most cases, operating assumptions for small organisations and large organisations are different, and interesting observations can therefore be made in this regard.

An intervention analysis of data based on leadership and employee satisfaction surveys is important, in order to enable company leadership to develop new strategies to enrich and grow the business. It is however clear that leadership plays a pivotal role in the lives of employees. It becomes clearer in the Business Excellence Model, the importance of leadership as a vehicle for moving the organisation in every area towards quality and excellence (Kanji, 2008). In very simple terms, leadership may be defined as a process of influencing and directing other individuals within an organisation to perform in such a manner that they can achieve pre-determined goals. Tichy is quoted in Thompson, Strickland and Gamble (2007) stating that ‘leadership is being able to mobilise ideas and values that energise other people’.

Küskü (2003) advises that employee satisfaction reflects the degree to which an individual’s needs and desires are met and the extent to which it is being perceived by the other employees. In his thesis, Mutsonziwa (2013) pointed some of the components that are important in understanding employee satisfaction within an

organisation such as (i) culture and organisational issues (ii) immediate manager factors (iii) colleague group factors (iv) information and communication factors (v) the job (tasks and responsibilities) (vi) employee development factors (vii) image and identification factors of the company (e.g. working condition, pay, fringe benefits) (viii) leadership of the organisation. It should be noted that employee satisfaction is not the emphasis of this paper although it has been briefly mentioned herein.

### **Leadership Practices in the South African Market and Social Research Industries**

Leadership within the Market and Social Research Industries, like in any other industry, is essential for proper co-ordination and giving directions to subordinates. In order for groups to function successfully within an organisation, there is a need for effective group leadership and consistency in terms of leadership from one department to the other within the same company. Mutsonziwa (2013) mentions that most of the Market and Social Research companies within these industries have other offices throughout the country besides their head offices, which are in most cases situated in Gauteng Province of South Africa. Therefore, coordinating with the head office is relatively easier, although at times supervision is always necessitated to ensure that the brand of the company remains intact and is not neglected in any way.

Although South Africa maintains a very low profile in the World Competitiveness Surveys, the Market and Social research industries play a crucial role in South Africa. All the big Market and Social research industries in South Africa are affiliated to European Society for Opinion and Market Research (ESOMAR) and Southern African Marketing Research Association (SAMRA) and are regarded as reputable players. These affiliations normally bring standard practice and professionalism. It is, therefore, not surprising that many South African organisations have delivered leaders of outstanding quality, who have made names for themselves and their organisations.

### **Research Design**

The research industry, though not visible to the eyes of ordinary citizens, is a very important player in the economy of South Africa. Decision makers make very important decisions about policies, products, pricing, promotional tactics and distribution channels, among other things, based on data collected by Market and Social Research

companies. Market and Social Research Industries, in this regard, help decision makers to obtain consumers' perceptions and other players' views on different research areas in a scientific manner. In this study, the unit of the study was an ordinary full-time employee of the Market and Social Research Industries in Gauteng Province of South Africa.

The quantitative research methodology was used to gain a deeper understanding of what affects employee satisfaction in the Market and Social Research Industries of South Africa. The design of the quantitative questionnaire took into account linking employee satisfaction to leadership aspects. The quantitative questionnaire was adapted from the Multifactor Leadership Questionnaire (MLQ), which has been used extensively and remains a very useful tool. The Full Range leadership model developed by Bass and Avolio (1997) provides a theoretical framework for the Multifactor Leadership Questionnaire. For the employee satisfaction questionnaire, the attributes were mainly derived from the Job Descriptive Index (JDI) Questionnaire of Smith, Kendall and Hulin (1969), as well as the Minnesota Satisfaction Questionnaire (MSQ). A number of dimensions were measured using a 10-point scale, where 1 represented extremely dissatisfied and 10 represented completely satisfied.

After piloting the questionnaire, the structured questionnaires were administered to employees of the Market and Social research industries face-to-face. The researcher used well-trained interviewers for the collection of the data. The quantitative questionnaire took 20-30 minutes to administer. All the different stages of data collection were closely monitored and the data was verified before data analysis was done. The completed questionnaires were captured using EpiData software and different quality control checks were done. Data analysis was done using Statistical Package for the Social Sciences (SPSS). The research design of the study is discussed in more detail in Mutsonziwa and Serumaga-Zake (2015) and Mutsonziwa (2013).

### **Reliability, Validity and Ethical Considerations for the Study**

The study produced an overall Cronbach alpha of 0.982 and the 95% confidence interval was (0.978; 0.985), indicating that the questionnaire and the scale were reliable. In terms of validity, the questionnaire was designed on the

basis of related studies and therefore had high construct validity. Validity is the strength of conclusions, inferences or propositions made from the data collected and thus refers to the accuracy or truthfulness of a measurement or study done. Gibson (2007) argues that validity is much more difficult to assess than reliability.

It was emphasised to the respondents that the data collected was confidential and only going to be used for academic research purposes only. The researcher also ensured that no physical or non-physical harm was done to respondents and that their privacy and dignity were observed at all times.

### Achieved Sample Size

A total of 261 employees from the Market and Social Research Industries participated in the study. A sample of 261 respondents yielded an overall error rate of 4.9% at the 95% confidence interval which was acceptable statistically.

Statistically, a sample of 261 respondents was large enough to make inferences and conclusions from the data (in the area of employee satisfaction and leadership studies). For example, Voon, Lo, Ngui and Ayob (2011) investigated the influence of leadership styles on employees' job satisfaction in public sector organisations in Malaysia and used a

sample of 200 respondents. Ponnu and Tennakoon (2009) used a sample size of 174 respondents for a study on "The Association between Ethical Leadership and Employee Outcomes." Furthermore, Ponnu and Tennakoon (2009) argued that reliability estimates of Ethical Leadership Scale (ELS) indicated that ELS had demonstrated excellent internal consistency and were stable over studies with respective sample sizes of  $n=127$ ,  $n=184$  and  $n=87$ . In all the 3 studies the reliability estimates were above 0.90. In literature, there are a lot of other studies that were based on sample sizes of less than 200 respondents that yielded useful results. This study was therefore statistically reliable based on an acceptable sample size of 261 respondents.

### Data Analysis

The data was analysed using different statistical tools in SPSS software. Stepwise regression models were also used to identify the soft issues of leadership that drives overall leadership style. Regression analysis models are important in employee satisfaction and leadership modelling and were used in this research. Mutsonziwa (2013) gives more detail on the regression analysis used and the basic assumptions of when to apply it. Confirmatory factor analysis was used to check how "good" the exploratory model was. In confirmatory analysis, one tests hypotheses corresponding to prior theoretical notions or underlying model.

**Table 1: Regression Analysis of Leadership Attributes Driving the Overall Leadership Style of Managers as a Dependent Variable**

Model	Unstandardised Coefficients		Standardized Coefficients	% contribution to coefficient of variation	t	Sig.
	B	Std. Error	Beta			
(Constant)	-.508	.223	-	-	-2.276	.024**
Uses methods of leadership that are satisfying ( $x_1$ )	.204	.058	.210	17%	3.502	.001**
Is effective in meeting my job-related needs ( $x_2$ )	.238	.047	.233	18%	5.064	.000*
Clearly allocates work that is supposed to be done ( $x_3$ )	.114	.044	.112	9%	2.575	.011*
Clearly articulates the goals of the company ( $x_4$ )	.120	.048	.122	10%	2.528	.012*
Provides me with assistance in exchange for my efforts ( $x_5$ )	.139	.048	.122	10%	2.867	.004**
Encourages me to excel in my job ( $x_6$ )	.118	.048	.120	10%	2.444	.015*
My manager has a lot to offer to the company ( $x_7$ )	.116	.050	.120	10%	2.336	.020*

Dependent Variable: All in all, I am satisfied with the overall leadership style of my manager

\*Significant at the 0.05 level; \*\*Significant at the 0.000 level

Source: Mutsonziwa (2013)

### Understanding the “Soft” Issues of Leadership Practices

The results established that leadership practices were considered to be “soft” drivers of employee satisfaction. In the analysis, the researcher wanted to understand what really drives overall leadership practices within the Market and Social Research Industries. All the leadership attributes were positively correlated to overall leadership

style of the manager. The model fitted had an  $R^2$  of 82.3% and an  $R^2$  (adjusted) of 81.8% and RMSE of 0.8229. The following table summarises the leadership attributes retained in the regression model.

The attributes retained in the model clearly show the importance of good leadership practices and also point to the fact that the manager related attributes in table 1 directly or indirectly influence proper execution of the job by the employees.

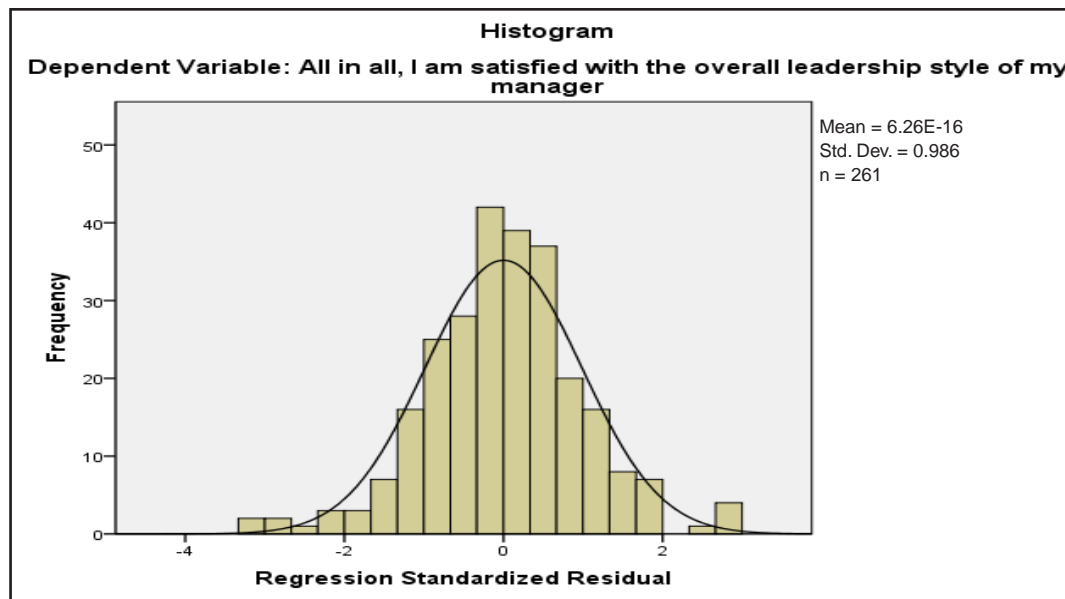


Figure 1: Histogram of Standard Residual for Leadership Regression

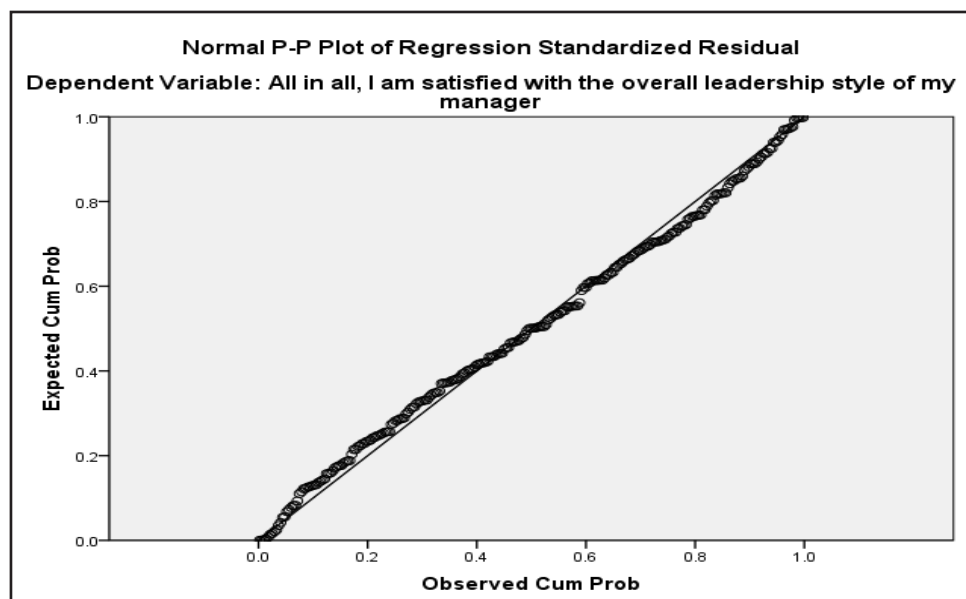


Figure 2: Standardised Residuals and P-P Plot from Overall Leadership Style of Manager as Dependent Variable

Figure 1 and 2 above show that the standardised residuals were normally distributed and therefore the model fits the data. These results underpin the importance of the overall leadership practices of a leader/manager within the Market and Social Research Industries. This means leadership cannot be isolated when one is trying to understand the overall employee satisfaction in an organisation.

### Confirmatory Factor Analysis (CFA)

The results of the exploratory factor analysis are important in understanding the underlying structure of the data.

Although the focus of this study was more exploratory in nature, the researcher also used confirmatory factor analysis to check how 'good' the exploratory model was. Strictly speaking, exploratory and confirmatory factor analyses can be thought of as two ends of a spectrum. Exploratory analysis aims to make sense of the data. In confirmatory analysis, one tests hypotheses corresponding to prior theoretical notions or underlying model. The researcher used confirmatory factor analysis to test the model that was produced in the exploratory factor analysis. Table 2 below summarises the model fit statistics produced for the CFA model fitted:

**Table 2: Summary of CFA Model Statistics**

Measure	Fitted Model Statistics	Target
CMIN ( $X^2/d.f.$ )	1843.989/554=3.329	CMIN should be around 3
RMSEA	0.068	< 0.05 to <0.08
NFI	0.913	$\geq 0.9$
NNFI or TLI	0.942	$\geq 0.9$
PNFI	0.891	$\geq 0.9$
CFI	0.8953	$\geq 0.9$
RMR	0.047	< 0.05
Parsimony- P Ratio	0.931	$\geq 0.9$
Hoelter at 5% significance level- Critical N	86	Critical N largest sample size for accepting that the model is correct
AIC	1995.989	Relative
Bayes Information Criterion (BIC)	2266.892	Relative

Source: Mutsonziwa (2013)

Structural Equation Modelling scholars recommend considering more than just one indicator for measures of model fit. The model fitted the data and was satisfactory and therefore acceptable. The Chi-Square is one of the most common indicators of fit. In Analysis of Moment Structures (AMOS) module this parameter is known as CMIN, indicating the minimum discrepancy. A guideline for CMIN is  $CMIN < 3.5$  to indicate satisfactory model fit, while  $CMIN < 2.0$  indicates good model fit. RMSEA measures the mean discrepancy between the population estimates from the model and the observed sample values.

The goodness of fit (GOF) indicators showed that the model with 4 factors was sufficient in comparison to adding more factors or considering higher order confirmatory factor analysis. All the standardised regression weights (factor loadings) from the CFA model ranged from 0.566

to 0.901 with all the other regression weights well above 0.75. Taking into account the sample size ( $n=261$ ) of the study, the researcher was satisfied that the 4 factors produced in this research reasonably described the data well without over-simplifying the underlying latent structure of the data.

### Discussion of Results

Confirmatory factor analysis was used as a validation tool of the model fitted from the exploratory stage. The results showed that the model fitted the data satisfactorily. Different statistical statistics were used to analyse the model and the models were checked for statistical adequacy. The study found that overall leadership style of the manager (as a dependent variable) was driven by the following manager related attributes:

- Manager uses methods of leadership that are satisfying.
- Manager is effective in meeting my job-related needs.
- Manager clearly allocates work that is supposed to be done.
- Manager clearly articulates the goals of the company.
- Manager provides me with assistance in exchange for my efforts.
- Manager encourages me to excel in my job.
- Manager has a lot to offer to the company.

Qualitative results done by the researcher was able to give insights into the role played by leadership in the day-to-day running of the organisation and the interaction with their subordinates. Leadership is very important in any organisation setup and was discussed to involve the following:

**Table 3: Complementary Qualitative Attributes of Leadership**

<i>Realism</i>	<i>Acknowledging</i>	<i>Team playing</i>
Decision making	Communicating	Proactivity
Listening	Passion	Creativity
Respecting	Character	Love
Acting	Coordinating and facilitating	Critical thinking
Motivating	Owning	Personality

Source: Mutsonziwa (2013)

All the attributes of leadership in table 3 ensure that there is cohesion within the different departments. Therefore, leadership is there to give guidance and show the direction in which the company must move to especially in these competitive times. When the respondents were directly asked about the support they get from their managers, only 33% spontaneously mentioned that their managers were supportive in all different aspects of their job. This means that the leadership has a very important role to play in influencing the direction of their employees in order for the business goals to be achieved. Nel, Gerber, Van Dyk, Haasbroek, Schultz, Sono and Werner (2004) argue that leaders did not achieve fame through their own efforts, but through their ability to inspire others to work towards the attainment of organisational goals. Therefore, leadership is a critical element that has direct impact on employee satisfaction within the workplace.

Mutsonziwa (2013) found that overall employee satisfaction is mainly driven by job related attributes in comparison to leadership attributes. This does not however mean that leader/manager related attributes should not be monitored in workplace. As a result of the model fitted, the researcher deduced that job related attributes are the direct or ‘hard issues while leader/manager attributes should be treated as ‘soft’ issues in driving overall employee satisfaction. Van Saane, Sluiter, Verbeek, and Frings-Dresen (2003) argue that it is relevant to both organisations and employees that attention is being paid to the assessment of employee satisfaction. If job/employee satisfaction is low in an organisation, interventions can be implemented that improve the quality of the employee’s work life (Van Saane *et al.*, 2003). The researcher would like to point out that soft attributes are sometimes the issues that hit the hardest when it comes to corporate governance and therefore leadership is very important in any competitive working environment.

According to Prof. M.S. Rao, soft leaders are the leaders who make a difference in the lives of their partners as they do not necessarily believe in leadership and followership, but in partnership. Further, soft leaders blend hard and soft skills and lead from the front with 11 characteristics. Not surprisingly, Prof. Rao mentions that soft leaders adopt various tools such as participation, persuasion, influence, negotiation, motivation, recognition, appreciation, and collaboration. More importantly, they adopt soft power, soft tactics, and soft tools and techniques to get the tasks executed successfully.

Regardless of initial impressions and opinions, experience and research indicate workplace satisfaction was primarily rooted and engrained in human factors. In other words, while money and benefits may be very important, satisfaction was more about people and their relationships.

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