UNIVERSITY OF KWA-ZULU NATAL

THE ROLE OF STRATEGIC LEADERSHIP PRACTICES IN FINANCIAL MANAGEMENT OF THE ETHEKWINI MUNICIPALITY, KZN.

By

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DECLARATION

I, Zasembo Mkhize declare that "The Role of Strategic Leadership Practices in Financial Management of the eThekwini Municipality, KZN," Is my own investigation and research. I declare that this research has not been submitted to another institute or submitted for another degree.

Z. Mkhize Date

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ABSTRACT

People live in a complex world with vast competition, challenges, and many opportunities that we are faced with. Strategic leadership has thus become one of the vital focus points in organizations and in academics as well. For an organization to be successful, effective, and efficient strategic leadership is imperative together with distinct understanding of the leadership practices involved. This specific study investigated the role of strategic leadership practices in financial management of the eThekwini Municipality, KZN. The main aim of the study was to investigate how the finance department of the eThekwini Municipality adopted the leadership practices and if these were fully known and understood by the department. A positivist (quantitative) approach was used for the study, by using a questionnaire to collect the data. A sample size of 169 participants out of a target population of 300 employees was made use of.

The primary objective was to identify the role of strategic leadership practices in financial management of the eThekwini Municipality. Financial Management is on its own a vital need in the municipality. Having a good and sound finance team will aid the financial stability of the municipality. Strategic leadership practices for ensuring effective financial management were identified in the study proving that the study was effective. It was also confirmed that 59% of the participants strongly agreed that a powerful guiding union was formed by having effective leaders to lead the finance team. Most of the participants strongly agreed to the effectiveness of the leadership practices such as that of being able to plan and create short term wins for visible improvements.

Recommendations made, were to attend to the municipality making sure that resources are readily available to be able to meet organizational goals. The unavailability of resources hinders most processes of the municipality especially that of finance. Another recommendation made was the delegation of responsibility. Every employee should know their responsibility so that one will be able to be accountable for their doings.

TABLE OF CONTENTS

Content	Page Number
Declaration	i
Acknowledgement	ii
Abstract	iii
Table of Contents	iv
List of Tables	x
List of Figures	xi
List of Acronyms	xii
CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
1.2 Background to the Problem	1
1.3 Problem Statement	3
1.4 Aim of the Study	3
1.5 Objectives of the Study	3
1.6 Research Questions	4
1.7 Significance of the Study	4
1.8 Limitations	5
1.9 Summary of literature Review	5
1.10 Brief methodology	6
1.11 Format of the Study	6

1.12 Conclusion 7

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction 8

2.2 Strategic Leadership 8

2.3 Strategy 9

2.4 Leadership 10

2.5 The Evolution of Leadership Theories 14

2.6 Evolving Leadership Requirements 19

2.7 The Model 21

2.7.1 Determining Strategic Direction 22

2.7.2 Exploiting and Maintaining Core Competencies 23

2.7.3 Developing Human Capital 24

2.7.4 Sustaining an Effective Organizational Culture 26

2.7.5 Emphasizing Ethical Practices 27

2.7.6 Establishing Balanced Organizational Controls 28

2.8 Financial Management and its Need in Municipalities 30

2.8.1 Financial Management 31

2.8.2 The Municipality 31

2.8.3 Financial Management Need 32

2.9 The Role of Financial Management 33

2.10 Importance of Financial Management 36

2.10.1. Financial Planning	36
2.10.2. Proper Use of Funds	37
2.10.3. Financial Decision	37
2.10.4. Promoting Savings	37
2.11 Responsibilities within Financial Management	38
2.12 Budgeting and Expenditure Management	39
2.13 Supply Chain Management	41
2.14 Asset Management	44
2.15 Internal Controls and Reporting	46
2.15.1 Internal Controls	46
2.15.2 Internal Finance Reporting	47
2.16 Strategic Leadership Practices	48
2.16.1 Organizational Practices	48
2.16.2 Leadership Practices	49
2.16.2.1 Establishing a Sense of Urgency	49
2.16.2.2 Creating a Vision	49
2.16.2.3 Effectiveness	50
2.16.2.4 Performance Improvements	50
2.17 Strategic Leadership Practices and Financial Management	51
2.17.1 Effectively Managing the Organizations Resource Portfolio	52
2.17.2 Sustaining an Effective Organisational Culture	53

2.17.3 Establishing Balanced Organisational Controls 57

2.17.4 Strategic Direction 58

2.17.5 Emphasizing Ethical Practices 59

2.18 Factors that affect the use of Strategic Leadership Practices 59

2.19 Conclusion 60

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction 61

3.2 The Research Design 61

3.3 The Research Philosophy 63

3.4 Research Strategies 65

3.5 Target Population 68

3.6 Sampling 68

3.6.1 Non-probability Sampling 69

3.6.2 Probability Sampling 70

3.6.1 Sample Size 71

3.7 The Research Instrument 71

3.8 Questionnaire Construction 72

3.9 Pilot Study 73

3.10 Administration of Questionnaire 74

3.11 Collection of Questionnaire 74

3.12 Data Analysis 75

3.13 Validity and Reliability 76

3.13.1 Validity 76

3.13.2 Reliability 78

3.14 Limitations of the Study 80

3.15 Elimination of Bias 81

3.16 Ethical Considerations 82

3.17 Conclusion 84

CHAPTER FOUR: STATEMENT OF RESULTS, ANALYSIS, AND DISCUSSION

4.1 Introduction 85

4.2 Response Rate 85

4.3 Section A: Demographic Information 85

4.3.1 Age of Respondents 85

4.3.2: Level of education 86

4.3.3 Job level 87

4.3.4: Gender 88

4.3.5: Length of service of the sample 89

4.5 Factors that Hinder the use of Strategic Leadership Practices 90

4.6 Tests of Normality 91

4.7 Correlations 93

4.8 Ranks 100

4.9 Conclusion 103

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction 104

5.2 Summary of Study Objectives 104

5.3 Conclusion 104

5.3.1 Strategic Leadership Practices for Effective Financial Management 104

5.3.2 Strategic Leadership Practices and Financial Management 105

5.3.3 Factors that Hinder the use of Strategic Leadership Practices 106

5.4 Recommendations 106

5.4.1 More senior members should partake in such research questionnaires 107

5.4.2 Resources should be readily available to meet organizational goals 107

5.4.3 Financial management should delegate responsibility 107

5.4.4 Recruiting skilled and educated employees 107

5.5 Conclusion 108

Bibliography

Appendix A: PERMISSION LETTER

Appendix B: LETTER TO THE PARTICIPANTS

Appendix C: RESEARCH INSTRUMENT

Appendix C: TURNITIN REPORT

LIST OF TABLES

Table 2.1: Management control systems 58

Table 4.1 Ages of Respondents 86

Table 4.2: Normality test output 98

Table 4.3: Spearman's rho correlation analysis output 99

Table 4.4: Mann-Whitney Test output for Race 99

Table 1: Mann-Whitney Test output for gender 101

Table 4.6: Kruskal-Wallis Test output 101

LIST OF FIGURES

Figure 2.1: Sun Tzu's model of strategic situationalism 12

Figure 2.2: The Role of selected Strategic Leadership actions 52

Figure 4.1: Level of education of the sample 87

Figure 4.2: Job Position 88

Figure 4.3: Gender distribution of the sample 89

Figure 4.4: Length of service 90

Figure 4.1: Summary of statements from section B 92

Figure 4.2: Summary of statements from section C 94

Figure 4.3: Summary of statements with regards to section D 97

LIST OF ACRONYMS

CIO	CHIEF INFORMATION OFFICERS
HRM	HUMAN RESOURCE MANAGEMENT
IS	INFORMATION SYSTEMS
KZN	KWA – ZULU NATAL
RBV	RESOURCE – BASED VIEW
SAQ	SELF ADMINISTRED QUESTIONNAIRE
SPSS	STATISTICAL PACKAGE FOR SOCIAL SCIENCES

CHAPTER ONE

1.1 Introduction

Leadership plays a crucial role in any organization as it has been presumed to having affected quite a number of individuals, groups and sometimes the organization as a whole (Kaiser et al., 2008). Stakeholders are challenging strategic leaders with their high demands, by confronting leaders as to whether they can meet up to their demands as an organization. Leaders have a variety of roles and specific responsibilities to adhere to but if the finances are not well controlled, there is without doubt a problem within the leaders in the finance department. There's a need to be receptive to a range of stakeholders as strategic leaders in the finance department, consequently financial management must formulate a plan to manage the budget effectively and distribute it efficiently.

Leadership should motivate followers, encourage them to do well, synergize small teams and aid organizations in accomplishing goals through the various yet distinctive efforts of these individuals and teams (DeChurch et al., 2010). Despite this reality, most organizations have failed, due to failure of basic team work and failing to understand each other. Many stakeholders would be discontented if there were no available strategic leaders within the financial management of the eThekwini Municipality. This study investigates the role of strategic leadership practices in the financial management of the eThekwini Municipality. The study concludes by making recommendations to the strategic leaders for the enrichment of effective and efficient financial management of the municipality and any strategies for empowerment.

Chapter one introduces the focus of the study, particularly the background to the study, problem statement, the aim of the study, research objectives and research questions as the main sections.

1.2 Background of the Study

There are a variety of definitions for strategic leadership that are provided by literature. Strategic leadership has also been defined as The leader's ability to anticipate, envision and maintain flexibility and to empower others to create strategic change as necessary (Hitt et al., 2007). The business dictionary.com, additionally defines strategic leadership as the process of using well considered tactics to communicate a vision for an organization or one of its parts. From the above two statements it can be obtained that strategic leadership needs sturdy leaders that will motivate and lead their fellow employees within a group or organization. Leadership needs strong willed individuals who will lead the people by example and listening to the people's views and opinions. Failing to do so will lead to an ineffective leadership.

In 1996, South Africa signed the new constitution which changed the views of the local government for the country, but it has also transformed local government as the central point of government delivery system which led to raising very high expectations for the less fortunate (Mogale, 2003). Local government has been defined as the people who have the authority to make decisions or pass laws in a small geographic area near to them. A very good example of local government is that of the town council. The Marrian Webster dictionary further defines municipalities as a primary urban political unit having corporate status and usually powers of self- government. The local government was promised service deliveries to local communities, stronger, financial performance enrichment of municipalities' human resource capacity and to reduce the sky-scraping unemployment rate. Municipalities fit perfectly in the local government seeing as they serve of the same purpose; they are for the people even though they have powers of self-government.

It is without a doubt that various municipalities have conversely failed to meet up to their obligations and promises; the outcome resulted with many protests by communities and or municipal employees. SA's economy is changing quite drastically, requiring strategic leaders to adapt to these set changes accordingly. We now live in a more globalized business environment which requires our leaders to be proficient enough to accommodate all types of environments, both the internal and external environment of the organization (Huey, 1994). There may seem to be a very high failure rate of strategic leaders in financial management which is effective to the local government (Jooste and Fourie, 2009:51).

1.3 The Research Problem

Many projects have failed due to poor leadership, decision making, poor work ethic, lack of direction, implementation, and essentially not considering the holistic view (Dooley *et al*., 2005). Revising strategic objectives and measuring them alongside the metrics used for financial management cases of the eThekwini Municipality would aid this research. To give proper direction and make prompt decisions, leadership of an elevated caliber is required for a thriving financial management to recognize the advantages and good within an organization. It is however probable that the leaders of the municipality may either not be of a high caliber since some employees mostly say they would not support or encourage others to apply at municipalities. This could be because of the usual office politics, which is expected in most organizations or there is truly a hidden problem with the leaders. This study seeks to investigate the role of strategic leadership practices in financial management in the eThekwini municipality.

1.4 Aim of the Study

The key aim of the study is the investigation of the role of strategic leadership practices within financial management and any deficiencies between financial management in the eThekwini Municipality. Furthermore, findings between management and leadership are presented on any differences or similarities amongst the two. Conclusions and recommendations on what can be improved in any leadership challenges within financial management are also addressed accordingly.

The role leadership plays in the financial management discipline is also investigated, to ascertain it’s significant in financial management projects performed. Likewise, whether the projects were of any success or failures and if any fruitful measures were taken for rectification. The appropriateness for the financial management discipline environment created is investigated to ensure its effectiveness.

2.5 Objectives of the Study

The research objectives of the study were:

- To establish the strategic leadership practices for ensuring effective financial management at the eThekwini Municipality
- To evaluate the relationship between strategic leadership practices and financial management at the eThekwini Municipality
- To identify the factors that affect strategic leadership practices for ensuring effective financial management at the eThekwini Municipality.
- To recommend on the best strategic leadership practices for effective financial management at the eThekwini Municipality.

2.6 Research Questions

The study explores the role of leaders in general and is set out to answer the following questions:

- What are the current strategic leadership practices for ensuring effective financial management at the eThekwini Municipality?
- What is the relationship between the strategic leadership and financial management?
- What are the main factors that hinder the use of strategic leadership practices for ensuring effective financial management?
- What recommendations can be made on the best strategic leadership practices for effective financial management at the eThekwini Municipality

1.7 Significance of the Study

The study is based on eThekwini Municipality one of the main and most effective municipalities within the Kwa–Zulu Natal (KZN) region. Most of us may know some of the roles that a municipality plays or the impact that a municipality has within our different communities depending mostly on the areas we live in and the different challenges we have faced, but having to go in depth about how the leaders within the finance department will give us more enlightenment on how we view a municipality and its leaders. Engaging with some of the employees will reflect how they truly feel about the leadership roles within the finance department. This will pitch in mostly by giving a point of view of the impact the role of strategic leaders in the eThekwini Municipality really has.

The eThekwini Municipality will thus be an excellent example to base most of the comparisons with the other municipalities, as it is a big municipality. This research gives the employees a platform to be able to communicate freely, exclusive of being judged by the decisions they make and correspond how the role of strategic leaders has impacted in their lives.

1.8 Limitations of the study

The limitations to the study that the researcher came across were:

- Time Constraints – The data had to be collected within 3 months, but due the busy schedules of the participants, they had to be continuously reminded by doing follow ups and visiting the municipality time and time again.
- Confidentiality – Most of the participants were concerned about confidentiality. Confidentiality was sought and the participants were assured of such, and that also assisted in having more participants.
- Connectivity – Connectivity was also a major issue which resulted in delayed responses and having to wait for other responses did delay having to put the work together.

1.9 Summary of literature Review

South Africa is a constitutional democratic country with three spheres of government. The National, Provincial and Local Government all have their own executive powers and authority, key responsibilities and legislative powers are defined by the constitution of South Africa. Government institutions have a responsibility of providing service delivery to all people of South Africa and all are governed by legislation and the constitution of the country. To provide services to community there is a vital need of good financial management and accountability. According to the past auditor general’s report the eThekwini Municipality has been unsuccessful in obtaining a clean audit opinion. The well-coordinated and clear corporate governance can assist the executive committee to enforce compliance and accountability. According to municipal finance management act council has the responsibility to perform oversight over municipal finances and are accountable for any irregular expenditure that occurs. The aim of the research study is to address these challenges by: reviewing the leadership literature available and extracting the patterns that emerge with regards to effective leadership; determining what effective leadership looks like in a South African context by examining the perceptions, experiences and practices of effective South African leadership and investigating the extent to which the theoretical patterns identified reflect effective leadership practices in South African municipalities.

1.10 Brief outline of research methodology and design

According to Neuman (2013: 142), it is necessary to determine if problems investigated are in fact valid ones. Once this is established, the research can begin in earnest. This research is not an historical review examining developments and improvements over time but rather a methodological and contextual review. With the main aim of the study being to investigate how the finance department of the eThekwini Municipality adopted the leadership practices and if these were fully known and understood by the department, a positivist (quantitative) approach was used for the study.

The research tool that was used to investigate the perceived problems and to elicit primary data was a structured questionnaire, based on a Likert scale. A few open-ended questions were added at the end to ensure depth to the research. Questionnaire responses were analysed using inferential and descriptive data analysis by use of Statistical Package for Social Sciences (SPSS) software. Inferential statistics help to create the relationship between variables and come up with conclusions (Sekaran & Bougie, 2013:126). Descriptive statistics is described as the statistics that provide descriptive information about a set of data. Graphs and charts were used to present the data findings.

1.11 Organisation of the Study

Chapter one: Consists of eight sub- sections, introducing the study, briefly outlining the background of leadership, problem statement, aim of study, the main objectives of the study and questions to be answered, study significance and the conclusion.

Chapter two: The literature review of strategic leadership is provided. It is also divided into sub- sections focusing on strategic leaders, financial management and its need in municipalities, strategic leadership practices, relationship between strategic leadership practices and financial management and the factors that hinder the use of strategic leadership practices.

Chapter three: The research design and the methodology of the study are covered. How the methodology is conducted is also stipulated, which is a quantitative approach. The instruments and data collection techniques used are also stipulated.

Chapter four: Results, discussion of findings, analysis and interpretation will also be provided by the researcher.

Chapter five: This final chapter provides recommendations based on the results, discussion and findings of the study, recommendations for the enhancement of effective and efficient financial management by the strategic leaders. Areas of further research are also highlighted.

1.12 Conclusion

Strategic leadership practices have been taken calmly especially by those acquiring leadership roles. The role that strategic leaders play within financial management will establish the impact it has on the eThekwini Municipality employees. It is therefore crucial for leaders to lead by example and to take their roles seriously, taking into deep consideration of those that follow and are being led by them. This chapter provided the introduction, problem statement, research objectives and questions, the aim of the study and the significance of the study. The following chapter looks at the literature review which forms the framework to aid the study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The previous chapter introduced the study by presenting the background information pertaining to the establishment of strategic leadership practices for ensuring effective financial management, evaluating the relationship between strategic leadership practices and financial management and the factors that affect the strategic leadership practices for ensuring effective financial management at the eThekwini Municipality. This chapter presents literature related to the study. The main purpose of a literature review is to gain an understanding of the knowledge that is already known, in that specific area of study by reading relevant work to aid ones' interpretation of the study. This also includes a means of revealing the established and some accepted facts regarding the study (Kreuger and Neuman, 2006:89). Literature review also assists in understanding past theories that have already been employed by previous researchers.

2.2 Strategic Leadership

Leadership has been defined by many, but according to (Roux, 2005:761), it is having the capability to communicate, enhance, motivate and establish organizational goals. Having the capability of utilizing the above-mentioned attributes whilst having a long-term direction for the organization and establishing the day to day running of an organization is strategic leadership. Strategic leadership is more in depth and looks more into the future of any prospects within an organization. There has been numerous debates as to whether strategic leadership really matters and its impact in the organization (Boal and Hooijberg, 2001:139). With the development of the upper echelons theory it was further argued that executive's experiences and their personalities had a huge impact on most of their interpretations hence in turn affected their decisions. The choices being affected were soon visible in the organizations performance.

To fully understand what strategic leadership really means, one needs to separately define the two words and elaborate more on them, that being Strategy and Leadership.

2.3 Strategy

Strategy, according to (Jarzabkowski *et al.*, 2007:225) is not merely something that an organization has but what the members of an organization have to abide by and do. There is no standalone rule that governs strategy but it combines aspects of the past, present and future. However (Cohen, 2004:66) further defined strategy as an art which can be used to achieve victory in our everyday lives irrespective of the circumstance. If familiar strategy principles could be classified than this would be rather invaluable to each organization because that would mean each success would be repeated and used others. The direction in which strategy is executed within any organization leaves a gap when implementing strategy because there is no concrete test model (Lynch, 2000). Strategy is something that every organization has but of a different caliber, unique and one that is fit for that organization. It involves a set of activities and steps that an organization has to abide by (Porter, 1996).

The organizations strategy must be coordinated with its competitive environment internally and externally in order to be able to survive and compete (Serfontein and Hough, 2011). Strategy is mostly competitive; therefore, an organization has to gain competitive advantage and a particular strategic position to outweigh its competitors. Strategic positioning is all about being able to outperform competitors, by gaining competitive advantage. Each organization must be able to identify a gap, implementing their strategy aligning it with competitive advantage because each strategic principle is unique to an organization. There are three key principles for strategic positioning which have been underlined by (Porter, 1996) namely that strategy is the creation of a unique and valuable position, involving a different set of activities, requires you to make tradeoffs in competing – to choose what not to do and that strategy involves creating fit among a company's activities.

Formulating a strategy is key for the top executive leaders within an organization for a strategic leadership role, this however has a great impact on the decisions that the leaders make (Sosik *et al.*, 2005). There are aspects that enhance an organization's strategy which include: focusing on the core business, constant effective communication, prioritizing initiatives and balancing the risk and rewards (Hartman, 2004). The decisions made should be sound strategic decisions, should the decisions made be utterly in the wrong direction this poses questions on the top leaders regarding their strategic leadership abilities. There are various reasons as to why many strategies fail, lack of implementation and resources, unanticipated economic conditions, failure to understand how the strategy is to be implemented and lack of focus (Sterling, 2003). It is therefore imperative to have a financial evaluation of a strategic plan to try and avoid the above-mentioned pitfalls.

While strategy has been defined, it may seem to be a bit vague on the exact steps to follow or how to implement and execute strategy. This merely depends on the strategic leaders of an organization, their understanding of the strategy as there is no right or wrong manner of implementing strategy. It is important to communicate the strategy well and making sure that it is understood by all those involved. There are different leadership levels in all organizations each with their own smaller vision to implement, hence why the vague steps in following the main strategy.

2.4 Leadership

Leadership serves as a framework for any organization, mainly for the success of the organization. Being a motivator, teacher, visionary, enabler and mentor are a few attributes that a leader should entail for the success of an organization (Serfontein and Hough, 2011). Leadership may be interpreted in various ways because there are many forms of leadership. Leadership of the organization can be divided into the environment, strategy and organization (Crossan et al., 2008). However, (Bolden, 2004:4) further elaborated in the difference of opinion in which leadership is defined is mainly through the influence of one's theoretical stance. Others view it as characteristics that 'leaders' possess and then the others view it as a societal procedure that develops from relationships. The difference in views will thus continuously result in the differentiation of opinions regarding leadership.

In as much as being a leader has all the positive traits, it does not necessarily mean that all leaders are good leaders; others are deceitful and would do just about anything to get their way. To further elaborate this point, (Kellerman, 2004) stated the following, scholars should remind us that leadership is not a moral concept. Leaders are like the rest of us: trustworthy and deceitful, cowardly and brave, greedy and generous. To assume that all leaders are good people is to be willfully blind to the reality of the human condition, and it severely limits our scope for becoming more effective at leadership. The psychodynamic approach further brings more areas of consideration. It raises questions as to what psychological factors bring about people to become leaders and followers, what gives rise to organizations and society of the perception of leadership? This alone gives rise to the importance of understanding oneself, those around you and basically the nature of leadership amongst leader and follower (Stech, 2004). With any role one plays, being it in the workplace or at a home, as a leader or follower it is empirical to always consider those around you. One review of leadership theory by (Northouse, 2004) who defined themes on how leadership is now being conceived:

1) Leadership is a process;
2) Leadership is influential;
3) Leadership appears whenever an assembly is involved; and
4) Leadership comprises achieving a goal.

Figure 2.1 below illustrates how most leadership attributes are perceived and how they lead to the success of the organization.

Figure 2.1: Sun Tzu's model of strategic situationalism (*Chen and Lee, 2008).*

Redefining strategy and leadership is change itself, even though the result is that the two are more or less alike (Abell, 2006). The increasing arising challenge is the growth of leadership, making it important to therefore take the advantage of the ever-changing world, grab the chance before the competitors to realign the organization, its functional and business activities.

The most common type of leadership for organizations is transformational leadership, this type of leadership is whereby the leaders are able to motivate, inspire and promote change in their respective and distinctive roles and organization respectively (Hall et al., 2002). If carried out in the appropriate manner, transformational leadership will be able to willfully direct and promote organizations in the right direction for success. Information System leadership is another type of leadership, whereby little form is known and has been researched about it, yet information systems in organizations has become one of the most dependent variables for business processes (Karahanna and

Watson, 2006). This makes it difficult for leaders to be able to balance the normal operations, therefore Chief Information Officers (CIO) are thus expected to collaborate both information systems technical skills with that of the organizations operational functions.

Creative leadership is essential for highly performing individuals especially for the success of an organization. Creativity on its own will not result in a successful organization. The leader has to have the urge, be unique as there are no special skills and traits of being creative (Harris, 2009). It is basically how one uses their imagination to secrete the creative juices that will be just for a successful organization. This leads to (Sosik et al., 2005) pointing out the importance of strategic leadership, how leaders should be able to utilize all available components and be able to strategize by also understanding the (IS) technology. Almost half (40%) of all (IS) technology are cancelled even before completion due to a lack of strategic leadership. Furthermore, (Boal and Schultz, 2007) elaborates that strategic leadership promotes a rather peculiar attraction in organizations, providing a balance of complex systems, guiding inter actions of others and transferring different kinds of resource flows.

A question that arises is if leadership can be taught. However, (Kouzes and Posner, 2006) further supports this question as to stating that leadership can be taught but to a certain extent. Leadership is not all about being a leader nor is being a leader just about maintaining a certain position or a status quo in an organization or community. It is far more fulfilling to believe that anyone who wants to lead can be leader, than to know that being a leader cannot be learnt which is quit dooming for those that had a desire to be a leader. One important aspect for an individual under some form of leadership is to understand the link between practice and process (Carroll et al., 2008), this making an individual aware of the actions and interactions that make up leadership. The connection between practice and control would also appear to be a critical one for leadership.

SA economy has changed drastically with a high level of technology usage, which continuously brings about change, innovation and improving processes. Leadership deals with a lot of mentality, meaning that there are more personnel involved rather than just projects and machinery doing all the work. With South Africa's own democratic change, what kind of leadership is then required in the eThekwini Municipality? Perhaps it is the leaders that who bear to take risks and will be able to motivate their employees who will create an environment that will be conducive enough for all types of leaders, this being the former and the latter.

2.5 The Evolution of Leadership Theories

As a concept, leadership has a universal appeal and much has been written about it in the popular press and academic research literature (Northouse, 2001). The demand for this understanding has been fuelled:

i) At an organizational level; as companies, based on the belief that leaders add value to the success of the organisation and that the perceived task of being a leader has grown and become more challenging over the years, seek to determine scientific methods to recruit and develop individuals with leadership abilities (Channer et al, 2001);

ii) At the individual level; as people seek out books and information on how to develop their leadership skills, improve how they present themselves to others and develop their career prospects (Channer et al, 2001)

In a bid to understand and master leadership, theorists have been deconstructing it and developing formulas to predict what makes effective leadership. As a result, several leadership theories have emerged that analyse the concept from different angles. One of the key challenges in attempting to understand the concept of leadership (from a theoretical perspective) is that it has been explained as: a 'property' i.e. a set of characteristics, behaviours and attributes that make certain people more effective at attaining a set of goals ('personalists'); a 'process' i.e. the effort by the leader, that draws on various bases of power, to influence members and direct their activities (situationists) and/or a combination of both 'property' and 'process' elements (Kets de Vries, 2001).

Examples of 'property' theories include: the ideal traits and psychodynamic approaches to leadership. Examples of ' process' theories include: the style, situational, path goal and contingency approaches to leadership. Examples of 'property' and 'process' combination theories include: the transformational approach to leadership, principle centred leadership, the emotionally intelligent leader, the spiritually aware leader and action logics leadership. Each theory has been proposed to further define and explain what makes an effective leader. However,

finding one's way in the domain of leadership is like wandering through a forbidding wilderness that offers few beacons or landmarks' (Kets de Vries, 2001 :213).

i) Great Man Theory (1840 onwards)

The focus here is on leader as hero, as described by Thomas Carlyle in 1840. Herbert Spencer (a fellow Victorian) later expressed a contrasting view that heroic leaders are the product of their time and its prevailing social conditions. Although Carlyle is credited with initiating this phase of theorising, many before him wrote that a leader was born, not made. Plato, Lao-tzu, Aristotle – and even Machiavelli – each contributed to this way of thinking. Though the historic timeline consistently plants the Great Man Theory in the 19th century, we can see its deep roots present in many of today's practical assumptions about leadership. While there are minor adjustments, the heroic leader remains rooted in individualistic cultures. Iconic figures continue to capture our imagination, whether they be Abraham Lincoln, Winston Churchill, or Nelson Mandela; Jack Welch, Steve Jobs, or Elon Musk; Albert Einstein, Norman Borlaug or Stephen Hawking. The shift today is toward system leaders – individuals who have the expertise to contribute and who recognise that wicked problems can only be solved through collaboration. Even so, many people – followers and leaders – still hold fast to the assumptions underpinning Great Man Theory, and this influences their cultural behaviour. Trait theory is built upon the idea that leaders possess certain qualities or traits and are different to other people. This led researchers to identify characteristic traits, with the assumption that some finite number could be quantified – and used as a filter to identify leaders.

ii) Trait Theory (1910-1948)

The paradigm shifted with the realisation that the identified traits lacked consistency. In part, this was because no relationship was established between the traits and leadership, and the context of the leader was not considered. The turning point was Stogdill's (1948) survey of 25 years of research, in which he concluded that a person does not become a leader by the possession of some combination of traits. As a result, leadership research shifted away from traits (the internal factor) and towards behaviours – the external expression of leadership. However, the assumption that leaders have certain traits continues, and is once more being studied. Today's researchers find correlations between certain personality characteristics (charisma, extroversion, conscientiousness, integrity, and achievement motivation) and leadership. With advanced research methodologies – including neuroscience – there is a renewed sense that defined traits can be used to identify potential leaders, explain leadership and play a part in its development.

iii) Behavioural Theory (1950-1970)

The shift in thinking here was, if people cannot nail down the internal traits, they can look at the external behaviours of leaders. As attention moved to behavioural expressions of leadership, the nature vs. nurture question came to the fore. Are you born – or can you learn – to be a leader? With this new emphasis, and under the right conditions, leaders were seen to emerge as a product of their environment, as well as their nature. Two studies (Katz, Maccoby, Gurin & Floor in 1951, and Stogdill & Coons in 1957) identified two primary considerations: task-oriented vs. relationship-oriented leadership. Engagement with followers also became relevant. However, there was still no consistency in behaviours across tasks or situations. In other words, the variables of context confounded the findings. This led to a new focus - on contingency theory.

iv) Contingency Theory (1967-1990)

Contingency theories were developed to account for these contextual variables. They took account of the people involved, tasks required, situation experienced, nature of the organisation, and other environmental factors. This research acknowledged that no single style of leadership was universally appropriate. It's often the case that the successful turnaround leader struggles in a mature and stable organisational context, just as a leader who flourishes in a stable environment may flounder in a turnaround situation. Fiedler (2010), who is recognised as one of the trailblazers in this area, identified three managerial components: leader-member relations, task structure, and position power. Some contexts favoured leaders who were task-oriented, and some favoured those who were relationship-oriented. Hershey and Blanchard's situational research (1969) suggested that developmental levels of individuals influenced their leadership styles. Other researchers continued their exploration until interest in this area began to dry up...not surprisingly, with the aging of its foremost proponents.

v) Leader-Follower Theory (1990 onwards)

The role of followers (a contextual variable) was a natural extension of contingency theory. This was a significant departure from the Great Man Theory and its concept of heroic individuals leading from the front. One lasting influence prior to this era is the work of Greenleaf (1970) on Servant Leadership, which emphasised the choice of certain leaders to serve their followers, empowering them to live and work to their full potential. As Greenleaf wrote, the best test and difficult to administer is whether those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants. And what is the effect on the least privileged in society; will they benefit, or, at least, will they not be further deprived? Leader-member exchange theory is another example (Graen and Uhl-Bien, 1995). Here, high quality relations are characterised by trust and respect between leader and follower, while those of lower quality coincide with transactional and contractual obligations. High quality relations are empirically shown to produce better leader outcomes. (Gerstner & Day, 1997; Ilies, Nahrgang, & Morgeson, 2007).

vi) Transformational Leadership Theory (1985-2010)

According to Burns (1978), leadership, introduced the concept of transforming rather than transactional leadership. While both are needed, the author focused on a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents. This mutuality deepens the work of leader-follower theories and adds a moral dimension. The concept detailed the structure of transformational leadership to include: 1) idealised behaviours (walking the talk), 2) inspirational motivation (offering a compelling vision), 3) intellectual stimulation (approaching problems from multiple angles), and 4) idealised attributes (showing strong character in working for the good of the whole).

vii) New Directions in Theory (2010 onwards)

Contextual school of leadership New contextual factors now being considered include: national culture, hierarchical levels of leadership, gender, race, etc. Contextual factors are seen to empower – or inhibit – leadership behaviours and outcomes. Ethics and moral development Researchers are looking at the influence of ethics and morals on the behaviour of leaders (and on organisational outcomes). Biology and neuroscience Work is being done on behavioural genetics of leadership emergence, leadership role occupancy, effect of hormones on correlates of leadership, neuroscience perspectives, evolutionary points of view, integrative biological perspectives, and the socio-biology of leadership (Day & Antonakis, 2011).

viii) System Leadership Theory (2015 onwards)

Our awareness of the interconnected world has led to an appreciation of the systemic nature of contemporary issues (Senge, Hamilton, and Kania, 2015). System leadership recognises that collaboration is essential to solve wicked problems (Heifetz, 1994; Heifetz, Kania, and Kramer, 2004). Building on decades of leadership research and practice and raising questions about our collective responsibility for solving wicked problems, we can understand some of the characteristics of – and need for – true system leadership. Much like Jim Collins' Level 5 leaders (2001), they have deep humility and fierce professional resolve. The difference is that they have moved from individual to collaborative responsibility for the whole. Ego is sacrificed for the common good. The consideration of multiple points of view is essential. Envisioning and creating the future together replaces reactivity.

External constraints and obstacles are engaged within leaders in order to be resolved for the system itself. The valuing of emergent insights deepens trust and disciplines action. Individual – and collective – development leads to system development. In 2014, Frederic Leroux's Reinventing Organizations: A Guide to Creating Organizations Inspired by the Next Stage of Human Consciousness gave us fresh insight into the changing requirements for leadership in organisations. He offers the metaphor of the organisation as a living system, acknowledging its modern-day complexity within our dynamic social and economic culture. Just as Senge et al have noted, an individual, working alone, is unable to satisfy today's mix of personal, organisational, and global demands. Leaders at every level in these cutting-edge organisations are recognised by relinquishment of personal ego and organisational control, trust in their colleagues and organisational systems. These factors allow them to self-organise for the good of the whole – with an emphasis on authenticity, collaboration, and distributed authority.

2.6 Evolving Leadership Requirements

As noted above, one of the key themes to emerge from the review of the theories relates to the chronological evolution of leadership theory. This is, in many respects, driven by the evolving (changing) requirements and expectations of leaders within an organisational environment. It is this evolutionary aspect of leadership requirements that further complicates the understanding of the concept and impacts on the ability of the practitioner to create interventions to support its development. To support changes in the organisational operating methods, leaders need to adopt new ways of leading within these organisations. As these new elements of leadership (skills and behaviours) are identified they are added to the theories and thereby increase their complexity.

Naplotano and Henderson (2008) argue that whilst it was previously clear that leaders should operate as answer providers, order givers, problem solvers and brokers, new operating methods within organisations mean that leaders are now required to act differently. Sexton and Smilor (2016) propose four key changes in organisational systems that in turn produce new demands on leaders. It is a result of these new demands that leaders are required to adopt different leadership styles and approaches. The first key change proposed relates to the shift from local, simple enterprises to global, complex and large organisations. In a local and simple enterprise, the needs were for autocratic and patriarchal styles of leadership where decision-making could be held in the hands of one person. In larger, global organisations the demand is for leaders to find order in chaos, push the organisation forward and design systems that allow it to grow. Thus, the changes in operating structure have created a shift in leadership requirements from autocrat to analyst and architect.

The second change proposed by Sexton *et* al. (1996) relates to the shift in focus from meeting material needs to meet the psychic needs of an individual. Based on Maslow's proposal that an individual's basic needs must be satisfied to allow more abstract needs to be met, Sexton et al (1996) argue that in underdeveloped countries where an individual's livelihood is uncertain, people will be more inclined to look towards a father type figure to meet their basic needs. In developed countries, however, leaders are required to be receptive to the more abstract needs and desires of individuals. In line with this Charlton (1992) suggests that leadership involves a paradigm shift from viewing employees as children to creating adult expectation which offers meaningful work and involvement as a means of accessing human potential. In terms of leadership style, for a leader to meet the expectations of employees it is argued that such changes shift the role of leadership from a father figure role to that of a catalyst. servant and developer of people.

The third key change proposed by Sexton et al (1996) relates to a shift in organisational structure i.e. many large organisations are moving away from top heavy, hierarchical organisational structures to flatter or project based organisational structures. In the 'old world' autocratic authority relationships, rigid and time-consuming decision-making structures and control leadership styles served to ensure that the organisation functioned (Charlton,1992). In the new world' leaders are required to create organisations that allow for the expression of potential (Chariton, 1992) and as such flexibility. Negotiation and strength are the characteristics that define the new leadership style required.

The final key change relates to the shift from mono-cultural and univocal organisations to multi· cultural and multi-vocal organisations. Because of advancements in technology and shifts in social, economic and political factors, national and international boundaries that previously isolated organisations, have disappeared. All organisations are now faced with managing cultural diversity and listening to the voices of those from different cultures. In terms of a shift in leadership style, leaders are required to act as listeners who are able to find ways bring about mutual learning and appreciation (Sexton et al, 2016), The above framework contributes to the understanding of leadership in that it highlights the evolutionary nature of leadership requirements i.e. that different leadership styles and practices will be required as organisations grow and reinvent themselves. The framework provides a broad generalized view of how many organisations are changing also provides insight into the types of leadership styles that may be appropriate and relevant to meet the changing requirements of an organisation.

Finally, the framework reinforces the notion that leadership does not sit in isolation, but rather impacts upon and is impacted upon by the environment. In terms of limitations, the framework only addresses organisational changes as they stand to date. The framework does not offer additional insight into what future leadership styles and practices will be required to ensure business success. In addition. The broad view that organisations are shifting from the 'old world' to the 'new world' ignores the fact that different parts of the same organisation may be at different stages of rein vent ion. As such these organisations may require a combination of ' old world' and 'new world' leadership styles.

2.7 The Model

According to the authors Hitt, Ireland, and Hoskisson (2003) strategic leadership must be action oriented, hence the decisions made should spur the company to action. These decisions and actions can make strategic leaders a source of competitive advantage thus, through the value created by their strategic actions. Hitt *et al.* (2003) have developed a framework for strategic leadership, with six critical components essential for effective leadership. These components enable leaders to take actions that contribute to the effective use of the firm's strategies. These strategic actions will be explored in detail below:

- Determining strategic direction
- Exploiting and maintaining core competencies
- Developing human capital
- Sustaining an effective organizational culture
- Emphasizing ethical practices
- Establishing balanced organizational controls

2.7.1 Determining Strategic Direction

Strategic direction means the development of a long-term vision of a firm's strategic intent. The vision, which is typically 5 to 10 years into the future, consists of the image and character the firm seeks. Having a vision for the future and communicating that vision to others are essential components for great leadership. Bateman and Snell (2004:366) define a vision as a mental image of a possible and desirable future state of the organization and it expresses the leader's ambitions for the organization. A vision should be ideal (communicating a standard of excellence and a clear choice of positive values) and unique (communicating and inspiring pride in being different from other firms).

Strategic intent, according to Hagen et al. (2001: 39) means the leveraging of a firm's resources, capabilities, and core competencies to accomplish what may at first appear to be unattainable goals in the competitive environment. It exists when all employees are committed to the pursuit of a specific performance criterion, and it provides employees with a goal worthy of personal effort and commitment. Przybylowicz and Faulkner (1997: 150) suggested that to be effective, strategic intent must create a sense of urgency, be competitor focused, search for weaknesses in competitors' positions which can provide competitive advantage if properly addressed and must remain stable over time while being flexible as to the means used to achieve the intended goals. When employees believe in their company's product and industry and are totally focused on the firm’s ability to outperform competitors, then strategic intent has been effectively formed (Hitt *et al.* 2003).

Strategic mission on the other hand, is a statement of a firm's unique purpose and the scope of its operations in product and market terms (Hitt et al. 2003:23). It provides a strong sense of what the firm wants to do (a description of the products the firm intends to produce and the markets it will serve) and of the ethical standards that will guide behaviours in the pursuit of its goals. Together strategic intent and strategic mission yield the insights required to formulate and implement strategies. It is not simple for leaders to create a sound direction. They need to consider a wider array of factors during decision-making, which would increase the likelihood of success.

2.7.2 Exploiting and Maintaining Core Competencies

Core competencies generally relate to an organization's functional skills such as manufacturing, finance, marketing, and research and development. According to Prahalad and Hamel (1994) they involve all levels of people and all functions and are the bases on which to build strategies. They went on to say that core competencies are the collective learning in the organization, especially how-to co-ordinate diverse production skills and integrate multiple streams of technology (Prahalad and Hamel, 1990:82). Hitt et al. (1994:30) define core competencies as organizational skills around which a firm builds a competitive advantage. Ireland and Hitt (1999:49) state, the relatively unstable market conditions resulting from innovation, diversity of competitors, and the array of revolutionary technological changes occurring in the new competitive landscape have caused core competencies rather than served market to become the basis upon which firms establish their long-term strategies.

Core competencies are the resources and capabilities serving as a source of competitive advantage for a firm over its rivals and allow organizations to produce and deliver products that have unique benefits and value for customers (Prahalad and Hamel, in Hagen et al. 2001). Ireland and Hitt (1999:49) maintain that in the 21st century, an ability to develop and exploit core competencies will be linked even more positively and significantly with the firm 's success. Prahalad and Hamel (1990) assert that in the long run, competitiveness lies in the ability to build, at a lower cost, and faster than competitors, the core competencies that generate unanticipated products. They add (Prahalad and Hamel, 1990:81), the real sources of advantage are to be found in management's ability to consolidate corporate wide technologies and production skills into competencies that empower individual business to adapt quickly to changing opportunities. It is the task of strategic leaders to ensure that the firm's competencies are emphasized during the strategy implementation efforts (Hitt et al. 2003).

Strategic leaders should make decisions that help the firm develop, maintain, strengthen, leverage and exploit core competencies. Hagen *et al.* (2001) add that exploiting core competencies involves sharing resources across units. Core competencies do not, like physical assets, deteriorate with use they grow. In fact, they are enhanced as they are applied and shared. They, however, need to be nurtured and protected. Competencies are the glue that bind existing business, and are the engine for new business development (Prahalad and Hamel, 1990:82). However, for a firm's resources and capabilities to be identified as core competencies, they should be valuable, rare, costly to imitate and should have no equivalent substitutes (Ireland and Hitt, 1999). Hagen et al. (2001 :41) add, the most effective core competencies are based on intangible resources, which are less visible to competitors because they relate to employees' knowledge or skills.

2.7.3 Developing Human Capital

Human capital refers to the knowledge and skills of a company' s workforce. The workforce, the employees, is viewed as a capital resource that requires investment. This investment results in a creative well-educated workforce, and as Ireland and Hitt (1999:50) said, in the global economy significant investments will be required for the firm to derive full competitive benefit from its human capital. According to Hitt *et al.* (2003:397) the effective development and management of the firm's human capital may be the primary determinant of a firm's ability to formulate and implement strategies successfully. Hence, building human capital is vital to the effective execution of strategic leadership and strategic leaders therefore need to acquire the skills needed to help develop employees in their areas of responsibility.

Bennis (2013) also stated that without leaders who can attract and retain talent, manage knowledge, and unblock people's capacity to adapt and innovate, an organization's future is in jeopardy. An effective Human Resource function is a crucial, intangible asset for companies with respect to Competitive Advantage. Hitt *et al.* (2003) maintain that core competencies cannot be effectively developed or exploited without appropriate human capital. Hence, taking on board and keeping the right people is crucial to gaining a competitive advantage in today's rapidly evolving business world. Hitt *et al*. (1994) added that the development of human capital is critical for strategic competitiveness. One of the world's most accomplished business leaders, Jack Welch, believes in human capital development and emphasized selecting the right people, allocating capital resources, and spreading ideas quickly as the main tasks of a leader.

With the new competitive landscape comes the growing need for good, new ideas. Knowledge management as described by Bateman and Snell (2004:8) refers to the set of practices aimed at discovering and harnessing an organisation's intellectual resources, fully utilising the intellects of the organisation's people. It is about finding, unlocking, sharing and capitalising on the most precious resource of an organisation, the people's expertise, skills, wisdom and finally their relationship. Companies need to find these human assets, help people collaborate and learn, generate ideas and harness these ideas into successful innovations. This brings up the concept of intellectual capital, the collective brainpower of organizations (Bateman and Snell, 2004:9). It is important that companies know how to attract good people, make them want to stay and inspire them to consistently come up with creative ideas. The goal is for companies to turn the brainpower of their employees into profitable products (Bateman and Snell, 2004:9).

According to Hagen et al. (2001) human capital can be developed through training and development, thus management development programs which can help build skills and facilitate communication among employees by providing a common language, building employee networks, and constructing a common vision of the firm. These programs also help employees acquire skills that are critical to an organization's primary operations, core competencies, and customers. Furthermore, because development programs socialize and help instil a common set of core values, they promote cohesion among employees.

2.7.4 Sustaining an Effective Organizational Culture

Organizational culture refers to the complex set of ideologies, symbols, and core values in a firm (Hitt et al. 2003). These are the glue that keeps people together in organizations (Fernandez and Hogan, 2003), as they provide a sense of shared meanings and morals. Culture is rooted in history and is concerned with decisions, actions, communication patterns, and communication networks (Ireland and Hitt, 1999:51).

Shaping the organization culture, the context within which the organization formulates and implement its strategies, is a central task of effective strategic leadership because it influences the way things are done in the organization. Leaders are thus involved in managing the culture by establishing an explicit strategic direction, communicating that direction, and defining the organizational vision and value (Homer, 1997:272). Fernandez and Hogan (2003:38) added, an organization's leaders define the organization's core values, underlying attitudes and beliefs that strongly influence individual and group behaviour Firms can develop core competencies in terms of the capabilities it possesses as well as the way these capabilities are used to produce strategic actions. A firm can thus have a competitive advantage in the way capabilities are used to produce strategic actions.

Organization culture influences how the organization conducts its business and helps regulate and control employees' behaviours and hence it can be a source of competitive advantage. Lippit (2003) accentuates that the competitive advantage that is the hardest to replicate is internal culture. In the global economy, strategic leaders capable of learning how to shape a firm's culture in competitively relevant ways will become a valued source of competitive advantage (Ireland and Hitt, 1999:51). Strategic leaders must develop and nurture an appropriate culture, one that promotes focused-learning and human development, the sharing of skills and resources among units in the firm, and the entrepreneurial spirit important for innovation and competitiveness (Hagen *et al*. 2001:40). Hitt *et al.* (1994:31) concurred when they said, an effective culture is one that promotes appropriate levels of risk taking and fosters an entrepreneurial spirit. Such culture creates an emphasis on strategic actions linked with the production of high-quality goods and services. Competitive advantages do not last forever and therefore, firms need to move forward continuously. Effective cultures are those in which employees understand this and are comfortable with the reality of constant change.

2.7.5 Emphasizing Ethical Practices

Insider trading, illegal campaign contributions, bribery, famous court cases, and other scandals have created a perception that business leaders use illegal means to gain competitive advantage, increase profits, or improve their personal positions (Bateman and Snell, 2004:140). Leaders should therefore create an environment of mutual respect, honesty, trust and ethical practices throughout the organization, to ensure that these do not suffice. Sanchez and Heene (2004) emphasized that a policy of honesty is in the best long-term interest of an organization. They further added that when strategic leaders lead organizations to follow a policy of honesty and build a culture of honesty and trust internally and a reputation for trustworthiness externally, their organizations might gain several strategic advantages over organizations that lack trust (Sanchez and Heene, 2004:210-211).

Furthermore, when processes used to implement the firm's strategies are based on ethical practices, they tend to be more effective. All strategic decisions have ethical dimensions, primarily because they are related to how a firm interacts with its stakeholders. Especially in the turbulent and often ambiguous 21st century competitive landscape, those making strategic decisions are challenged to recognize that their decisions do affect capital markets, product markets and organizational stakeholders differently and to evaluate the ethical implications of their decisions" (Hitt et al. 2003 :31).

Ethics are an essential part in shaping decision-making processes and must be an integral part of the firm's culture (Hitt et al. 2003). "Firms can shape and control employees' and managers' behaviour through formalized rules, economic rewards and sanctions, and the values and norms that represent corporate culture (Sinclair, cited in Hagen et al. 2001). Companies that emphasize ethical practices encourage and enable people at all organizational levels to act ethically when doing what is necessary to implement the firm's strategies. To the extent that employees and managers share a common set of ethical principles, there is a strong likelihood that ethical practices will be observed (Hagen et al. 2001 :41). Firms therefore need to employ ethical leaders, thus, leaders to which ethical practices are an essential part in everything they do, including laying down their long-term vision for the firm and for whom honesty, trust and integrity are important. Such leaders inspire their employees and develop organizations in which ethical practices are expected behavioural norms. Hence, organizations that adhere to strict ethical practices will be better able to attract the best possible resources to its value-creation and distribution processes.

2.7.6 Establishing Balanced Organizational Controls

Ireland and Hitt (1999:52) defines organizational controls as the formal, information-based procedures that strategic leaders use to frame, maintain, and alter patterns of organizational activities. They are essential in providing the parameters within which strategies are to be implemented, as well as to what corrective actions are to be taken. They are also an important part of the strategy implementation process as they help to ensure that firms achieve their desired outcomes. Organization controls guide the use of strategy, indicate how to compare actual results with expected results, and suggest corrective actions to take when the difference between actual and expected results is unacceptable (Hitt et al. 2003:347). Without effective organization controls, it would be hard for the company to successfully exploit its competitive advantages. Controls that are well designed provide clear insights as to what behaviours would enhance firm performance.

Firms rely on strategic controls and financial controls to support use of their strategies. Strategic controls focus on the content of strategic actions III order to achieve appropriate outcomes. Their emphasis is thus on actions rather than outcomes. Hitt et al. (2003 :347) define strategic controls as largely subjective criteria intended to verify that the firm is using appropriate strategies for the conditions in the external environment and the company's competitive advantages. Strategic controls examine the fit between what the firm might do (according to the opportunities in the external environment) and what the firm can do (according to its competitive advantages). These controls require that there be good communication among the various managers in the organization, those responsible for using strategic controls to judge the firm's performance, and those with primary responsibility for implementing the strategies. They encourage lower-level managers to make decisions that incorporate moderate and acceptable levels of risk.

Financial controls are largely objective criteria used to measure the firm's performance against previously established quantitative standards as well as against competition and industry averages (Hitt et al. 2003:348). By focusing on performance-induced outcomes, these controls encourage the accomplishment of short-term performance goals. Without effective financial controls, the firm's performance can deteriorate. Organizations use the balanced scorecard to ensure that they balance the strategic controls and financial controls, so that they can understand its overall measures for activities identified as the key drivers of an organisation.

It has four distinct perspectives (financial, customer, internal process and innovation and learning), and promotes a more holistic, balanced view of any organization. The first perspective, *financial* is concerned with growth, profitability, and risk from shareholders' perspectives. *Customer* is concerned with the amount of value customers perceive as created by the firm's products. The third, *internal business processes* focuses on the priorities for various business processes that create both customer and shareholder satisfaction, and the fourth and final one, *learning and growth* focuses on the firm's effort to create a climate that supports change, innovation and growth (Hitt et al. 2003). Emphases on the four perspectives provide a balance of both strategic and financial controls and allow firms to effectively monitor their performance. Hitt et al. (2003 :406) assert that a proper balance between controls is important, in that, wealth creation for organizations where strategic leadership is exercised is possible because these leaders make appropriate investments for future viability (through strategic controls), while maintaining an appropriate level of financial stability in the present (through financial controls). Hence, strategic leaders play an important role in determining the proper balance for their firm.

2.8 Financial Management and its Need in Municipalities

Financial Management refers to the management of funds by an organization, which is usually carried out by top management. The main aim of any organization is to maximize shareholder wealth, which is to maximize the true value of stock especially for the long run (Brigham and Houston, 2012). Amongst all the decisions that managers make, one very important decision that financial managers are faced with is that of capital budgeting. The preferred methods are the internal rate of return and the non-discounted payback models over net present value (Ryan and Ryan, 2002). Others would rather prefer using numerous tools in the capital budgeting procedures, as they aid the view of academic and business strategy of an organization.

2.8.1 Financial Management

Financial Management falls under one of the several functional areas of management. There are other specific areas in the management process which include general management, marketing, production and sales, which form the basis for an organizations success (Meredith, 1986). Having no form of financial management is the main reason to organizational failures. It is thus empirical for owners, managers or leaders to know and understand what finance is all about and which finance is available to them. This will aid them in positioning themselves to be able to elevate the needed finance, (Barrow, 2001). Having ownership of the passable financial management expertise may promote municipalities in accomplishing this objective.

Due to the ever-changing South African economy, with its uncertainties, strategic financial management is by no doubt in a process of change. This will however require a reassessment of the fundamental assumptions of financial management.

2.8.2 The Municipality

South Africa has been regarded as a developing state, which automatically infers that municipalities assume a momentous role in the economic and social development. However, (Thornhill, 2008), further states that the local government stands to most probably be the first type of interaction an individual has with government institution. The more reason it's mostly debated that local government is basically government closest to its people. The local government is a sphere of government, meaning that it consists of every municipality in South Africa making up the combined sphere of the local government (Roux, 2005). Being a government closest to its people, this means that the municipalities within their jurisdictions all have specific roles to play for their community. The services provided by the municipalities are by a constitutional obligation, of which the municipality must abide by.

These services include but not limited to providing water and electricity, waste management, security, parks, libraries, town and city planning. The White Paper on local government proclaims that basic services enhance the quality of lives of citizens and increase their social and economic opportunities by promoting health and safety, facilitating access to work, to education, to recreation and stimulating new productive activities (Joseph, 2002). The department of Co-operative Governance and Traditional Affairs (COGTA) issued a Five Year Strategic Program of Action which commenced 2006 to assist with the consolidation of local government hands on support, supremacy and formal support.

2.8.3 Financial Management Need

There are vast decisions that financial managers make, it is thus empirical that the financial managers and leaders of an organization work together by all means to provide an effective financial environment. Processes executed by municipalities are extensively regulated. Even though municipalities are mostly legislation regulated, there is still a bit of freedom left for them to perform their duties. Hence, according to (Gottschalk et al., 2009), supported that most municipalities can still maintain and process most procedures to fit local needs and preferences, depending on the size of the municipality and the services they provide. Most organizations fail due to poor decision making, implantation, ineffective controls, and risk management failures. However, (Marshall et al., 1996) elaborated that these failures are not isolated but are correlated with financial risk management. There are different believes that most failures are due to government and its municipalities failing to execute external controls, therefore there is a need for improved financial management internal controls in organizations. Developing countries such as South Africa have had difficulty in budget execution and accounting processes, due to insufficiently maintained software applications. The lack of information processing has resulted in foil transparency and enforcement of accountability in government (Khemani and Diamond, 2005). This has led to the major government problems faced by these developing countries. A municipality is one which falls under these government structures as it serves the people, hence why it may be faced with the above-mentioned problems.

Financial Management needs careful attention to detail, especially if an organization aims to grow and prosper (Mcmahon, 2001:10). Furthermore, (Cude et al., 2006:103), stated that one has to be financially literate and have the necessary skills, knowledge and resources so to be able to have a greater impact in the municipality. With all the above-mentioned encounters, financial management is truly a need in the municipality.

2.9 The Role of Financial Management

The science and art of managing money may be defined as finance. “Provision of money when it is required is also known as finance. The effective utilization and procurement of funds in a business concern is known as finance function. The finance concept involves funds, amounts, capital and money; however, each of these words has a meaning which is unique. Understanding and studying finance concepts is a critical aspect of the organisation (Subramanian, 2009).

The integral and important part of the organisation is finance; hence, its importance can be seen in all activities of the business. Finance is categorized into the following two key elements namely:

- Private finance; and
- Public finance

Finance which is private involves firms, individuals, financial activities of the corporate or business world to meet requirements. On the other hand, public finance deals with expenditure and revenue of government, this includes public entities, national and provincial departments as well as other government organizations (Subramanian, 2009).

A finance manager is a person who deals with finance related activities and he is a key stakeholder in the finance function. The finance manager needs to have knowledge about finance, accounting, management and economics. His role is analytical and critical in solving different finance related problems (Subramanian, 2009).

The finance manager is expected to interact with different kinds of functional departments and therefore should possess knowledge of both finance and other business areas in order to understand the cost drivers and other pertinent information. He needs to create and maintain good relationships with all organisational departments (Subramanian, 2009).

Solomon (1963) as cited by (Subramanian, 2009:3) refers to financial management as follows: It is concerned with the efficient use of an important economic resource namely, capital funds, while Massie (1979) as cited by (Subramanian, 2009:3) states that it is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations. Financial management's main purpose is effective management of financial resources of the organisation (Subramanian, 2009). Financial management is a vital element of noneconomic and economic activities that assist in making an informed decision on efficient utilization and procurement of financial resources (Subramanian, 2009).

Denning support this view as successful running of any organisation is dependent on sound financial management as this determines how organisational resources should be used effectively. Financial management in the private sector has a primary focus of examining different sources of finances, how such finance is used and the linkages between utilisation and financial decisions (Denning, 2000). Financial management in government is a major tool for utilising, mobilising and allocating resources effectively and efficiently in achievement the objective of government (UN, 1991). Burger (2008) emphasises the importance of reprioritization of limited financial resources, management of assets and getting value for money to achieve government objectives.

Ball, Robin and Wu (1999) articulate how reforms in public sector financial management have positively affected fiscal consumption. They established in their study how encouragement of efficient control over public expenses and resources increased accountability and prudence in management of state resources. However, Tanzi (2000) disagrees citing that the tendency of pushing for efficiency in public spending, as often done, has a risk of providing results which are inaccurate as government entities use assets without considering the cost of using them (Grubišić, 2009).

The use and safeguarding of funds and other limited resources to benefit all the people are regarded as financial management goals (Pauw, Woods, Van Der Linde, Fourie and VRisser, 2002). Public sector financial management's purpose is to manage limited financial resources deployed to ensure output delivery in an efficient and economical manner that will assist in achievement of the desired outcome (effectiveness) in order to fulfil the community needs (appropriateness). Asare (2009) agrees with Pauw as he views financial management's objectives as, efficient allocation of resources, provision of public services in an effective and efficient manner, and achievement of financial discipline.

Financial management for the study focuses on budgeting, expenditure management, assets, travel, fleet management, procurement, internal control and reporting. The stakeholders in the financial management function are mainly line managers and finance managers. Gildenhuys (1997) lists key components of financial management in government as follows; accounting, budgeting and expenditure management while Szymanski (2007) and Baltaci & Yilmaz, (2006) believe internal control environment and control systems are critical in improving governance process transparency and accountability (Aikins, 2011). Wescott (2008) submit that expenditure involves budget process (which includes its preparation), internal and external audit, reporting, accounting, and procurement.

It is important that one understands that money in the hands of government (including SARS) does not belong to it, it belongs to the citizens that is the taxpayers, who contributed to fiscus. Therefore, government entities like SARS have a stewardship role to such funds and as such should manage them with huge accountability. Government entities should strive to use the most equitable and reasonable ways to allocate financial resources and the most effective and efficient ways to apply the finances to satisfy public needs. They need to promote equal and fair distribution of limited financial resources. Lastly, government should strive to gain most possible value at the lowest possible price (Gildenhuys, 1997).

Legislation and effective policies are critical tools for financial management within SARS. They help to set boundaries of what can or cannot be done. It is through legislation and policies that budgets are approved, expenditure is expended to support functions of government (Visser & Erasmus, 2002). Good legislation is an enabler and helps to develop effective policies; together these assists to support objectives of government entities. However, these need to be reviewed and adapted on a continuous basis otherwise they become irrelevant and a hindrance to organisational goals (Visser & Erasmus, 2002). Updated and effective policies can better help the organisation to achieve its goals.

It is therefore essential that every government entity puts in place a proper financial management system (FMS) as it facilitates better management of expenditure by establishing standard operating procedures for recording transactions i.e. creating forms to process petty cash requests, internal charges, payments to suppliers, internal charges, and receipt of monies. FMS goes beyond recording transactions for accounting purposes but serves as good systems for management of funds (Visser & Erasmus, 2002). FMS assists to provide management with records of spending patterns, which reveal (a) variances between budgets and actual year to date expenditure, (b) budget against current expenditure and future commitments, (c) budget exceptions (Visser & Erasmus, 2002).

It is essential for government entities to continuously review how they prepare their plans, budget, manage resources, and implement programs to meet the demands of citizens, and government demands for improved accountability and performance through delivery of services. Public sector reforms have been instituted by countries like New Zealand, South Africa, Britain, and Australia in order improve their performance, subsequently there are many entities which are under-going change management processes (Boyne, 2003).

2.10 Importance of Financial Management

An organisation's lifeblood is its financial resources. They should always be available to meet the business concern's requirements. It is necessary for every organisation to create and maintain sufficient financial resources to run the business and achieve its goals. Effective management of finance assists in the achievement of business goals, therefore there is no management (line and finance managers) that can afford to ignore financial resources importance at any time (Subramanian, 2009).

2.10.1. Financial Planning

Financial management is useful in determining a business concern's financial requirements and guide the organisation's financial planning. The critical part of the business concern in the financial management function is financial planning as it assists in the proper allocation of resources to achieve organisational goals (Subramanian, 2009). Therefore, it is critically important that the budget process is aligned to business planning in order to ensure achievement of the organisation's objectives. The integrated financial planning makes the process of budgeting and business planning pleasant and effective.

2.10.2. Proper Use of Funds

Effective funds allocation and utilisation assist in increasing a business concern's operational efficiency. Organizations can reduce fruitless and wasteful expenditure and increase organisation value by using financial resources properly (Subramanian, 2009). Government organizations like SARS will need to be measured using return on investment for every Rand spent. This will assist to establish what percentage of allocated funds goes to wasteful expenditure where there is no value, and what percentage is really put to good use.

2.10.3. Financial Decision

Sound financial decisions in any organisation are facilitated by effective financial management. These decisions are critical to the extent that they affect the operations of the organization since there is a connection between financial decisions and various department functions like human resources, operations, marketing etc. (Subramanian, 2009). Government organizations' financial decisions need be measured using certain criteria e.g. amount of assets purchased and how effective are these assets in creating value for government and citizens. Most private organizations are measured on the bottom line e.g. profit margins, headline earning, dividends paid. However, there have not been concrete measures formulated to measure growth in public organizations.

2.10.4. Promoting Savings

Organizations that maximize wealth make it possible to achieve savings; therefore, mobilization and promotion of organisational savings are facilitated by effective financial management. The financial management function nowadays is regarded as corporate finance or business finances. The financial management function is embedded into private organizations to the extent that corporate sectors and business concerns are unable to function properly without financial management (Subramanian, 2009). The financial management function needs to be embedded in government organizations to the extent that they cannot function properly without this function. Government organizations should be measured through how much they save funds allocated to them. They should strive to run their operations with less financial resources each year. This should include funding new initiatives using existing financial resources and implementing war on waste projects thus stretching funds allocated to them.

2.11 Responsibilities within Financial Management

Roles and responsibilities of all officials other than accounting officers and chief financial officers are outlined in PFMA's Section 44; this means all employees within a government entity are responsible for fiscal discipline and financial management.

PFMA's Section 45 deals with responsibilities of all officials which includes but is not limited to ensuring:

- Establishment of internal control and financial management systems;
- Transparent, economical and efficient utilisation of financial resources; and
- To make extra effort to prevent fruitless and wasteful expense, irregular and unauthorised expenditure.

Section 27(4) indicates that line managers can be held responsible for outcomes produced by their government entities. Finance managers have an important role to play in the financial management function. They are responsible for ensuring that measures of financial management are in place to support effective management of line functions.

They are responsible for continuous evaluation of whether the organisation has sufficient measures to deal with uneconomical and inefficient use of government properties, money and other resources which the executive authority or accounting officer is responsible for.

They are responsible for giving best advice on the budgets, financial results and other matters of line function and advising management on the financial implications of proposed decisions. Visser & Erasmus (2002) list the following responsibilities of line managers:

- Line managers are required to identify activity related tasks to be costed by finance. They are responsible for asset management of their business units.
- They are responsible for monitoring and controlling expenditure.
- They are responsible for classifying functions for budgeting purposes.
- They are responsible for managing budgets with assistance from finance section.
- They are responsible for estimation of anticipated expenditure.
- They need to safeguard and keep control of documents for accounting and auditing purposes.

It is important that financial management be performed by someone with required technical competencies and training. Objective considerations should be given to decisions with financial impact that also affect organisational performance with a view to providing the most appropriate, effective, efficient and economical service to the public. Accounting officers and financial staff need to exercise due professional care with all decisions with financial impact (Visser & Erasmus 2002:42).

2.12 Budgeting and Expenditure Management

Business plans are derived from strategic plans; they help to quantify and describe inputs to achieve output and are done on a yearly basis. They list performance indicators and measures which can be used to determine outcomes. Business plans and budgets complement each other in a sense that one has objectives and targets while the other outlines financial resource allocation to achieve the objectives (Visser & Erasmus, 2002:84). Where there is no alignment between business plans and budgets this can affect the achievement of goals as the organization may allocate financial resources than required. More allocation of resources may result in wastage as human beings have a tendency of spending what has been allocated for fear of losing funds before the end of the financial year, and reduced resources allocation may affect delivery of required objectives.

A budget is a document outlining goals with expenditure linked to each goal. Budget assists the organization to realize goals within a specific period. It is a control measure for expenditure and serves as a source of information. It is used to monitor spending by government organizations (Visser & Erasmus, 2002:921). Government organizations are required to put measures in place that will ensure implementation and monitoring of the budgets. This view is supported by the researcher given the number of budgets allocated to government departments to run their operations.

Incremental budgets - This type of budget assumes that objectives remain the same year after year. The proposed budget allocation is based on previous expenditure plus a percentage of annual increase. It does not consider changes in objectives or activities in the new year. Therefore, the disadvantages of this method are that some functions can be funded long after their usefulness is no longer relevant (Visser & Erasmus, 2002:927).

Zero-based budgeting - This method ignores previous spending and related history. The budgets are compiled as if a new function is being established. The requesting division must justify each and every line item in the budget. Kramer (1979:111) states that this method is intended to discourage managers who take it for granted their functions should be funded; however, it encourages critical review of expenditure and reallocations of funds (Visser & Erasmus, 2002:919).

Budgets are in the centre of financial management as there is no expenditure without approved budget or allocation of funds. It provides a necessary framework for expenditure management. Shah (2007:66) agrees with Visser & Erasmus and further states that execution of budget needs to comply with compliance control basics, which are:

- The proposed expenditure must be approved by relevant accounting authority;
- The money needs to be made available for the same reasons it was budgeted for;
- Adequate funds should be made available in the correct class in the budget;
- The expenditure should be categorised correctly;

- There should be a way of verifying goods that have been delivered or services that have been completed.

The accounting officer needs to put measures in place to ensure effective management of expenditure. This can be linked to a budget control process that seeks to achieve a goal (McThomas, 2003:9). This is supported by Phillips and McConnell (1996) who view the budget as a daily management control over operations. In the previous chapter we found that there are ways being implemented to manage expenditure, however they require improvement to be effective. On the other hand, McThomas (2003:13) believes that expenditure patterns can be determined through implementation of an effective expenditure control framework. These interventions should filter down to every government entity and become a program of actions for every accounting officer and chief financial officer. Finance meetings and continuous control and monitoring of financial resources should take place monthly.

2.13 Supply Chain Management

Supply chain management (SCM) has influenced the way organizations structure their procurement functions taking into account integration as well as issues of supply and demand management, which assist in creating value that will increase customer satisfaction, particularly in public sector organizations (Ambe and Badenhorst-Weiss, 2012:99).

The business literature term used for control of information, finances and materials while in the process of move between supplier, manufacturer, wholesaler, and retailer and eventually to consumer, is supply chain management (SCM). The supply chain terminology seeks to explain that prior to goods and services being delivered to the relevant stakeholders (citizens, businesses or taxpayers) they pass through numerous companies. The Council of Supply Chain Management Professionals (CSCMP, 2007:319) submits that supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. It also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers. When linking the above to functions it means that all functional departments get involved in supply chain management thus placing a greater focus on relationships and activities.

Supply chain management is defined by Hadfield (2011:173), as the achievement of maintainable inexpensive benefit and growth of customer value through dynamic management of supply chain activities. It arises from continuous effort by government supply chains departments to improve and maintain supply chain functions in an efficient and effective way. Supply chain management includes purchasing, strategic sourcing, logistics, development of product and systems required to manage such activities.

Effective financial management is dependent on economical, effective, efficient and timely objectives achieved by the organisation (Abedian, 1997 as cited in Mathiba, 2011:317). Government's system of integrated supply chain management is regarded as one of the significant improvements towards sound management (National Treasury, 2004). The conventional way of purchasing has changed; the focus is more on demand plan, strategic sourcing and total spent (Bowersox, Closs & Cooper, 2007:601). There is a great need for government organisations like SARS to adopt integrated supply chain management to take their procurement function to another level.

Supply chain management in the public sector provides a framework of reference for public sector multilevel and supply chains networks composition (Migiro & Ambe, 2008:139). Normally, higher productivity, lower costs, shorter lead times, greater customer loyalty, higher profits, greater agility, and lower inventories are benefits of effective supply chain management (Stevenson, 2009:11). Public institutions that do not implement effective supply chain management lose out on these key benefits.

The Office of Government of Commerce, UK, report of 2004 issued by the Public Accounts Committee, called 'Improving departments' capability to procure cost-effectively' indicates that most non-departmental public bodies, agencies and departments suffered a lack of assurances regarding the resilience and reliability of their important suppliers' subcontractors. Only 17 percent of them considered analyzing supply chains of their suppliers as part of the process of selecting them (Ambe and Badenhorst-Weiss, 2012:343). This highlights the fact that organizations that do not adopt supply chain practices are exposed to more risks than those who practice supply chain management.

Government entities that modernize and streamline their supply chain can benefit from substantial time improvements and cost savings (Gansler, Luby Jr and Kornberg, 2004). This view is echoed by Essig & Dorobek (2006) who submit that there has been an improvement in secondary inventory management and greater optimization of logistics support owing to the critical role played by government supply chain management (Ambe and Badenhorst-Weiss, 2012). It is therefore essential that the public sector examine and implement better ways to source, plan, pay for or move services and goods.

The introduction of procurement reforms has brought much transformation to the supply chain of South African government. The implementation of these reforms began in 1995 and had a focus area, which was to address objectives of socioeconomic policy through the introduction of a preference system and promotion of good governance principles. Supply chain management is an essential element of South African public financial management. It addresses government's policy objectives of preferential procurement and presents internationally accepted principles of best practice (Croom and Brandon-Jones, 2005). The intention of supply chain management is to add value at each process stage; starting with demand management of services and goods, to acquiring the goods, logistics management processes, to usage and finally disposal. Consequently, it resolves weaknesses relating to current procurement practice, obsolescence planning, asset and inventory control, and contract management (National Treasury RSA, 2003; Mkhize, 2004).

Ambe and Badenhorst-Weiss (2012) argue that a growing effective use of SCM contributes to a broad program of improving value for money and increasing the efficiency of government entities' commercial activities by stimulation of increased efficiency in supplier management and promotion of competition across a wider base of supply.

Economization effects and reduction of cost can be achieved through a well devised supply chain control (Jehle, and Schulze, 2002). Supply chain management assumes a strategic planning role which includes consideration of government and public action strategic objectives, and long-term effects i.e. multi-level network outcome (Thom & Ritz, 2000).

Despite benefits highlighted in this chapter, Mathee, (2005), Ambe, (2006), van Zyl, (2006), and Migiro & Ambe, (2008) submit that supply chain management practices and effective implementation are not yet at acceptable levels. The biggest contributing factor to this is lack of people who possess necessary capacity, knowledge and skills to be able to implement supply chain management effectively in many departments as per the SCM policy requirements. It must be noted that procurement is a crucial central element of SCM and supply chain management includes all functions throughout organisations, from marketing and production to procurement" (Mason-Jones, 2004:83). Government organisations like SARS can experience more benefits by establishing full supply chain management function.

2.14 Asset Management

Management of assets is regarded as one of the crucial elements in financial management. An asset can be defined as a resource controlled by an entity due to a past event from which a future economic benefit is expected to flow to the entity (Visser & Erasmus, 2002). It is critical that an organisation obtains a good mix of financial resources and assets for effective, efficient and economical delivery of objectives. The key processes of asset management are procurement, planning, maintenance and operations (Visser & Erasmus, 2002).

Physical asset plans should be fully integrated into strategic plans; this requires a full assessment of risks, benefits and cost to achieve an objective (Visser & Erasmus, 2002) and for a right procurement method for asset acquisition to be planned and executed accordingly. The assignment of responsibility to maintaining performance of an asset against target helps to establish effective and efficient operations over its economic life.

Visser & Erasmus (2002) argue that the organisation can derive a maximum benefit if it assigns effective responsibility for:

- Security of, access to and control over an asset;
- Prevention of breakdown that has a potential to interrupt service delivery through frequent preventative maintenance;
- Assessing information on actual performance against plans;
- Taking corrective measures where assessment indicates the need to do so.

Therefore, line managers have a responsibility to ensure that the organisation derives an economic benefit, and to take all necessary steps to prevent damages (Burger, 2008). Finance responsibility is limited to ensuring correct classification and other analysis that will assist management to properly account for and manage assets (Hodges, 1996). Strategic processes should indicate decisions to service, replace, reduce or upgrade certain assets at a particular time or at the end of their useful life. Consideration should be given to the most effective way of achieving goals whether through acquisition, timesharing, leasing or contracting out.

The asset should be disposed of in a most economical way through scrapping, sale or otherwise once it has reached the end of its useful life. It is costly to keep a non-fully utilized asset as it takes up space which could be used for something productive (Visser & Erasmus, 2002). An asset register is the most important aspect of asset management; it should be kept up to date as much as possible. It is usually updated when an asset is acquired, disposed of, transferred and sometimes after the physical verification of assets where there is no movement (Visser & Erasmus, 2002). A central register keeps a record of all assets in an effort to effectively manage their useful life (Hodges, 1996). Some part of government considers asset management as the responsibility of an asset manager, which is not necessarily the case. Asset management cannot be divorced from the broader financial management framework. The Auditor General report exposes poor asset management throughout government which could have been caused by lack of requisite knowledge, inappropriate internal controls or systems failure (Auditor General, 2012).

2.15 Internal Controls and Reporting

2.15.1 Internal Controls

The measures put in place by managers to assist in mitigation of financial and operational risks as well as the achievement of an organisation's financial objectives and goals are called internal controls. These include, for example, invoices approval prior to payments being made, reviewing of captured entries of transactions prior to being processed.

Adequacy of internal controls refers to control structure design with regards to policies and procedures outlining direction and guidance for task performance and acceptable practices to accomplish organizational goals. Effective internal control indicates that controls implemented by management are achieving their purpose (Aikins, 2011).

Brown (1994) submits that internal controls comprise operational controls and financial accounting controls. Auditing of controls assists in the determination of the validity of financial statements while auditing of operational controls establishes whether Operations is controlled and managed as it was designed by management. These audits provide recommendations which assist management to strengthen controls to minimize losses or risk (Aikins, 2011). Government organizations need to intensify education on internal controls for all employees to observe and comply with them in the achievement of their organisational goals.

Therefore, an internal controls system's main purpose is to provide reasonable assurance to management that the organisational information is reliable and accurate; for example, safeguarding of assets against loss is in place, all resources are utilized efficiently and economically, there is compliance with laws, policies, contracts, regulations and other relevant requirements (Fadzil, Haron & Jantan, 2005). However, Agbejule & JokiPii (2009) consider internal controls effective when the objectives of the organisation are properly achieved.

2.15.2 Internal Finance Reporting

Organisational internal reporting of operational and financial results is important in the financial management function and therefore it cannot be underestimated. However, Drury (2001) argues that effective governance and financial management can be achieved if the managers are provided with relevant, accurate, high quality and timely information (van Wyk, 2003).

Internal finance reporting is unlike external reporting which is regulated; it is developed internally by the organisation for specific purposes and therefore uses a process that is less prescribed. However, most organizations conduct benchmarks to implement a best practice internal reporting framework (van Wyk, 2003).

Internal reports, particularly finance reports, should provide analysis, high quality and value-added information to managers to facilitate decision making. Organizations that adopt best practices implement internal management reporting systems that provide management with budgeting, operational business planning and integrated strategic planning information that assist in ensuring effective financial management (Coates, 1997).

Finance managers need to arrange information in a manner that is useful to the reader. Folk, Garrison & Noreen (2002) advise that the main purpose of internal management reporting is to assist management to make informed decisions. Therefore, adequate information should be included in management reports.

The preparers of the reports need to strike an informed balance between proving meaningful information and overloading the reader with too much information (Cilliers, Coetzee, Stegman, Van Schalkwayk & Wesson, 2001). Lewis (2005) highlights preparation of annual and monthly reports on performance and expenditure as one of the responsibilities of the chief financial officer" (Du Preez, 1999).

2.16 Strategic Leadership Practices

There are various types of leadership practices and each aid to the success of an organization. These include but are not limited to; establishing a sense of urgency by identifying a potential crisis or any major opportunities, forming a powerful guiding coalition by having effective leaders who will also be able to encourage its team to work together as a team, creating a vision to direct any changes that may arise and to work towards the created vision, communicating the vision making sure that every possible communication vehicle is used to express what is to be done and that its understood by all involved, empowering others to act on the mission by getting rid of any obstacles that might come in the way, changing structures that undermine the vision and encouraging risk taking, Planning for and creating short term wins by planning for visible performance improvements, consolidating improvements and institutionalizing new approaches (Kostova, 1999)

2.16.1 Organizational Practices

There are several practices as has been mentioned above, but how can a practice be truly defined? A single term may be defined in various ways, but many researchers have defined practices as something which is a dominant factor which will either affect or have some sort of impact in one's life, especially that of organizational practices (Ghoshal and Bartlett, 1988), (Zander and Kogut, 1995). However (Kostova, 1999) further defined organizational practices as a manner which is adapted by that specific organization to suit their specific needs for the success of the organization. This manner is then later regarded as a set of rules and guidelines that the employees have to abide by, of which these rules have evolved over time and will sometimes have minor changes due to the change of the economy or new board of directors so as to meet organizational goals. The knowledge of organizational assets is a factor which is quite difficult to transfer, whereby this may lead to intra firm knowledge not being met (Jensen and Szulanski, 2004). There's a need to elaborate on organizational practices as the Municipality is a huge organization, so one needs to understand fully organizational practices before distinguishing the various types of leadership practices that come into effect in an organization.

2.16.2 Leadership Practices

2.16.2.1 Establishing a Sense of Urgency

Successful leaders need to establish a sense of urgency as a means of a needs assessment (Fulmer and Goldsmith, 2000:90). The first thing that leaders need to establish is that there's a specific need and the sense of urgency also needs to be specified. To have the best practices and to establish these, leaders need to identify the gaps and how these gaps would be developed to better the organization (Marcus, 2004:87). Creating a sense of urgency is quite a practice whereby a leader needs to be grounded so to be able to link development by closing the identified gaps and obtaining the desired organizational strategy. However, (Gordon, 2002:61), emphasized on the fact that although a sense of urgency should be established, but one shouldn't just focus on the urgency as a whole but to set a manner of direction, by having a clear vision for the various types of needs identified.

2.16.2.2 Creating a Vision

Merely creating a vision is hopeless without planning it appropriately. Without a brilliant plan at hand the vision will not be implemented. It is imperative to be able to a vision and share it well with those who are to assist (Abi-Nader, 1991:659). A great leader creates a shared vision, can communicate the vision and makes sure that the vision is understood by all those involved. For an organization to be of great success a vision is one of the vital practices that all can look back to when in doubt, but it basically forms the foundation for the goals and main aim as to where the organization is going in the future (Lieblein et al., 2001:74). Furthermore, Lieberman (1990:62) states that stronger relationships aids in achieving the created vision. Most organizations have thus failed due to poor planning, failing to understand and poor relationships due to competitiveness.

2.16.2.3 Effectiveness

It is important to be able to go back and evaluate the effectiveness of the created vision. Going back and answering questions opposed to whether the short-term goals were met, if not where did we go wrong, what can we do to rectify and close these gaps. Are we still going ahead to meet the vision or are we now off track? It is however difficult to evaluate effectiveness as it cannot be quantified in numbers but through asking the right questions (Ready and Conger, 2003:519). Even though the measure of effectiveness is cannot be quantified in numbers, the success of effectiveness has to be continuously assessed. This is due to that fact leadership on its own is also forever changing (Martineau, 2004:613) due to the ever changing organization. The success of the effectiveness should thus be measured by the results obtained from the answers obtained through the questions in the above mentioned. There are multiple methods that need to be processed in gathering the correct data for the measurement of the effective leadership. However, (Hannum, 2004:7), further elaborated that to increase validity the organization has to be able to elect multiple methods, select the required objectives and be able to determine the level of outcome.

2.16.2.4 Performance Improvements

Once the evaluation of effectiveness has been completed the next step would be to reward success and improve on any deficiencies that may arise. Look at how performance may be improved going forward for the going concern of the organization. A manner which may aid performance improvement is through the rewarding of the employees by a graduation or some form of public recognition (Green, 2002:268). This will give the employees something to look forward to and when in doubt they will look back and ask themselves why they started and have some sort of encouragement, knowing they will be rewarded for their hard work. However (Harkins et al., 2000:434), stated that the Gunderson Lutheran Hospital has graduation ceremony after the two year training course. This is like most learner ship and graduate programs that hold graduation ceremonies after an 18months – 2 years training course. Leaders should also motivate their teams continuously so to encourage improvement.

Strategic leadership practices that would be specific to the eThekwini municipality include having a vision, a sense of direction because without a vision or any strategic direction the municipality would fail as it needs strong leaders to assist in directing the municipality. Having balanced organizational controls, empowerment and planning aids the municipality in having strong willed leaders that will have effective planning for the going concern of the municipality. Due to the fact, the eThekwini Municipality is quite a large organization but to be able to improve performance they could have performance bonuses at year end for each employee, but this will be dependent on the year end budget.

2.17 Relationship between Strategic Leadership Practices and Financial Management.

Financial Management emphases mostly on financing plus investment events of an organization, hence why financial management decision making can never be made in isolation from other organizational decisions (Atrill and McLaney 2006:714). Strategic Leadership practices will thus aid financial management in achieving its main municipal goals. These practices may vary but careful use and understanding of these practices will be better off of the eThekwini Municipality.

The relationship between strategic leadership practices and financial management can be considered as a strong relationship depending on how these practices are used. Within any organization leaders are needed, and each leader with their own unique skill. The more effective the relationship between strategic leadership and financial management the stronger and responsive it is to the municipality. Strategic leadership practices are multifunctional and have the ability to accommodate any organization, they just have to be used appropriately (Huey, 1994:56). Leadership practices that will aid effective financial management include determining strategic direction, establishing balanced organizational controls, effectively managing the organizations resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices. Figure 2.4 below illustrates the selected strategic leadership practices that elaborate the relationship and effectiveness on financial management.

Figure 2.4: The Role of selected Strategic Leadership actions in financial management *(Atrill and McLaney 2006)*

2.17.1 Effectively Managing the Organizations Resource Portfolio

Primarily the main pursuit of most organizations is to maintain and create value, whether it is customer value or just the organizations value. The resource-based view (RBV) is whereby the organizations resources drive value creation (Sirmon et al., 2007:273). The RBV specifically suggests that by possessing unique and valuable resources creates the fundamentals for value creation. These resources will thus aid the key organizational capabilities to enhance the organizations prosperity (Gold and Arvind Malhotra, 2001:186). The aim is to know which resources will aid the efficient management of the organization.

Unfortunately, most leaders fail to strategically elect the rightful resources which would sustain the organization for going concern (Ireland et al., 2003:965). The knowledge, skills and zeal would thus be an added advantage to combat such challenges. The organization has to gain competitive advantage through strategic alliances and resources (Ireland et al., 2002:398). Resource complementarities will thus aid competitive advantage than resource similarity, because these resources complement each other as opposed to being similar.

2.17.2 Sustaining an Effective Organisational Culture

There are many definitions that define culture but (Awadh, 2013:79) defined culture as opinions, principles, communications and a form of behavior for the delivering guidance to the people concerned. Employee management aids in bettering the business culture and is very much influenced by the various approaches, opinions and customs that give guidance to a strong communication bond amongst all the employees of an organization (Awadh, 2013:67). Organizational culture has however been defined as a collection of general values which yield behavioral models over time and have become customary in resolving problems, customs that direct the way employees liaise with each other within the organization (Aktaş, 2011:89). Society is changing drastically and with this, organizations now rely more on the ever-changing technology.

Most organizations have increased in size, have a larger demographic scope which seems to have increased connectivity amongst the organization yet still distinct (Ireland et al., 2003:965). Due to the large demographic scope, there are vast societies and cultures within the organization. There is thus an increase of employee attitudes which also affects the organizational culture (Hemmelgarn et al., 2006:510). Furthermore, the way an organization places itself, the implementing of an intervention will either maximize or minimize the organizations effectiveness. It is imperative to be able to understand the organization and its culture to be able to sustain an effective organizational culture. The heart of the organizations environment is mostly branded by its culture, construed by the opportunities and vision of the leaders and management. One of the most imperative factors that affect employee loyalty is organizational culture. Loyalty is dependent on fully understanding and being mindful of the culture that strengthens and enhances organizational behavior (Awadh, 2013:317).

There are four traits of organisational culture (Ahmad, 2012:312) which are as follows;

1. Involvement: This trait is one which encourages and empowers leaders and their employees to be more effective and to be able to work effectively towards the organizational goal. This enables employees to feel the warmth of being part of a team, therefore empowering employee proficiency. Some companies for example, offer special type of company culture, such as stock options, office space, uncluttered communication that provisions employee growth (Patel, 2015:33). Involvement gives employees a sense of belonging and having possession of something worthwhile.

2. Consistency: Having strong organizational cultures which are extremely consistent, well-coordinated and unified resembles a culture of an organization which is consistent. Having animated values embeds the behavior of the leaders in such a way that they must be trained at agreeing to decisions though they might be contradictory opinions. Consistency creates strong opportunities constancy, in house integration that brings together a universal type of attitude and a form of conventionality (Ahmad, 2012:316). Twitter is a good example, whereby collaboration and different forms of teams with different mandates have come together. Organizational culture in this form is such that they have a right to disagree where deemed necessary. They do not necessarily create divisions but always try to ascertain the organizational goal (Patel, 2015:28).

3. Adaptability: Most organizations that are adaptable are those constrained by the clienteles, take risks and threats, learn from their mistakes and have a clear understanding of how they will transform their organization to being adaptable and being competent. These types of organizations are those that are constantly empowering change for their operations in order to improve business stability and to deliver great value to their clienteles (Ahmad, 2012:321).

4. Mission: Having a clear sense of reason best describes the organizational goals and its strategic purpose as the mission for the organization. It expresses the vision of how the organization should look in the future (Ahmad, 2012:314). This organizational cultural trait is fundamental to break through to new elevation. Should the mission of an

organization be altered, great changes within the organizational culture would be experienced (Ahmad, 2012:665).

Good organizational culture, for example would be a company that is able to combine both nature and its environment. This specific combination should be able to assist in recruitment, retaining and encouraging employees since it is cultural in nature (Ahmad, 2012:47). Productivity is increased, new products are brought into place, faster services and customer satisfaction is also increased. It is thus critically important that the organization can work together in all divisions (Aktaş, 2011:325). Teamwork aids in producing strong organizational cultures that develops employee morale and loyalty within an organization (Ahmad, 2012:81). A strong organizational culture drives an establishment built on trust and honesty; this aids leader in understanding their working environment and building up integrity with the organization as well as their customers (Ragain, 2013:12). Leaders understand that their employees or specific team to be constantly work-driven and enthusiastic is also coupled with loyalty and trust that their employees and customers have in them. Strong morale coupled with ethical behavior is a component of good organizational culture which entails guidelines for the distinguished values. There are specific legal requirements that these values rely on that regard certain decisions for the social environment (Ragain, 2013:193).

Besides the traits listed above, there are also various types of organizational cultures which were identified by (Aktaş, 2011:23). These cultural types will thus be discussed below:

1. Clan Culture: This type of culture is one of mutual values, common goals, traits and more of visible empowerment. There is great emphasis on teamwork as the leader is seen as the mentor and thus must lead his team.
2. Adhocracy Culture: It is more of a temporal culture based on a specific project or scenario. This type of organizational culture is thus not permanent, allowing employees to be able to find themselves and grow with the specified time, bearing in mind that they are consistent and working towards the organizational goal.

3. Market culture: Major transactions concerning that of the outer atmosphere, differing from inside management are what this type of organizational culture is made up off. Making profit is the main objective by use of market rivalry. There is thus less elasticity with private connections enabling an environment for the achievement of goals. There’s a huge emphasis on sale organizations on this type of organizational culture to try and achieve the desired target.
4. Hierarchy Culture: There are distinctive rules, processes and stringent regulation in this type of organizational culture. This culture is easily identified through the dominance approach. What is more empirical is employee willingness, the way they perform their duties in accordance to the processes and the sustainability of the workplace.

Organizational culture forms the fundamentals of a business by improving competitive advantage through powerful relations and structure of the culture (Awadh, 2013:77). A good example will be that of a business that is more focused on innovation, will thus work around building its organizational culture from inventions and innovations. Hence, the operations of the business will be driven and affected by employee loyalty. Motivation of employees which are innovation driven is reduced if the culture of the organization is not innovation driven, thus organizational loyalty is minimized. The driving force which improves employee performance is that of a strong organizational culture. Having a powerful organizational culture improves employee self-confidence, there’s minimal pressure of losing your job and ethical behavior is mended (Shahzad, 2012:544). It can therefore be concluded that organizational culture has significant influence on the employee’s loyalty (Aktaş, 2011:97).

2.17.3 Establishing Balanced Organisational Controls

To establish balanced organizational controls, the leader must verify the controls, understand the organization and how these controls have been embedded within the organization. Knowing and understanding both the internal and external environment of the organization is also very important, as most controls keep the organization running as they form the fundamentals for the going concern of the organization (Pfeffer and

Salancik, 2003:67). There are various types of controls, which include planning controls, cybernetic controls, reward and compensation, administrative controls and cultural controls which are visible through.

- Planning Controls: Sets the mood of an organization, how to set the goals and the way these goals will be achieved. Planning go hand in hand with the vision and mission of the organization, its sets the direction for the success of the organization.
- Cybernetic Controls: These types of controls would give the organization feedback regarding unwanted variances, which would be a disturbance with the progression. The good thing about having these systems is that they give off information without the involvement of human nature, it is merely a process.
- Reward and Compensation: The focus is to motivate the employees, to keep encouraging them to work towards the intended goal. This leads to increase efforts of maximizing production and a minimum of absenteeism.
- Administrative Controls: These types of controls function as a means of responsibility and accountability controls. Each employee will be able to be accountable for the duties and responsibility can easily be sought.
- Cultural Controls: Controls which are mostly based on beliefs, values, and social norms. Culture is everywhere and is sometimes very difficult to manage but it is there and is a means to be able to regulate behaviour.

Table 2.1: Management control systems

<table>
<tr><td colspan="7">Cultural Control</td></tr>
<tr><td colspan="2">Clans</td><td colspan="3">Values</td><td colspan="2">Symbols</td></tr>
<tr><td colspan="2">Planning</td><td colspan="4">Cybernetic Control</td><td rowspan="2">Reward and compensation</td></tr>
<tr><td>Long range planning</td><td>Action planning</td><td>Budgets</td><td>Final measurement systems</td><td>No final measurement systems</td><td>Hybrid Final measurement systems</td></tr>
<tr><td colspan="7">`Administrative Control</td></tr>
<tr><td colspan="2">Governance Structure</td><td colspan="3">Organisation structure</td><td colspan="2">Policies procedure</td></tr>
</table>

Table 2.1: Management control systems (Malmi and Brown, 2008).

The reason for the typology in **Error! Reference source not found.** above is that cultural controls tend to be slow to change though they are broad, that's why they are on top. Planning, cybernetic controls and reward and compensation are the middle because they are mostly strongly linked to each other. Administrative controls are at the bottom because they create a solid structure for planning, cybernetic controls and the reward and compensation controls (Malmi and Brown, 2008:295).

2.17.4 Strategic Direction

Strategic direction of an organization is a combination of the organizations vision, mission and its core values. A strategy is a course of action that is directed to lead to the achievement of the goals of an organization. The organization has to focus on its main goals and vision, even though they may have goal but the direction towards that goal should be strategically planned (Gelderman and Weele, 2002:510). It takes time and good planning to able to implement a strategic direction, and with that in mind, there should always be back up plans should there be hiccups along the main strategic direction.

2.17.5 Emphasizing Ethical Practices

Ethical practices are considered to be those that ground an organization, by its morals and truth especially by those who are part of it (Cherrier, 2007:299). Spirituality also plays an ethical role in the organization, though it might not be in drastic measures, but this can be seen by the manner of concern one shows the other, and spiritual values of integrity. Even though spirituality also plays a role in ethics, but management has everything to do with ethics. Managers who fail to execute ethical duties are more or less similar to those who conceive and execute against the organization (Paine, 1994:106). It is thus empirical for management especially leaders to sharpen their ethical duties for the success of the organization.

2.18 Factors that affect the use of Strategic Leadership Practices

Strategic leadership practices are hindered by a poor vision and failing to implement the vision (Hitt et al., 2007:66) . Delegation crisis also hinders leadership practices, not being able to delegate and account for responsibility this will result in not having the will power to empower team members since no one will account for responsibility. The availability of resources also hinders strategic leadership practices, not having enough resources will result in not meeting municipal goals especially finances(Meredith, 1986:718). Therefore, it is empirical that there are strategic leaders in financial management to budget well with the finance resource. Poor implementation of changes hinders strategic leadership practices as well.

Knowledge management plays a huge role in any organization; therefore, poor transfer of knowledge hinders strategic leadership practices (Shalley, 2004:17). The important factor is creativity; the organization must be creative for it to be successful. Motivational strategies aid the implementation of the organization together with the employees, a lack of motivation hinders strategic practices as opposed to strengthening the organization (Hsing-Fu Cheng, 2007:72).

2.19 Conclusion

It can be recommended that for the enhancement of effective and efficient financial management the strategic leaders within financial management need to use the ability of professional accountants, need to have the ability to obtain funds for the municipality. Financial advisors should be sought when assistance is needed. Being in the finance team requires individuals to know and understand finance and their specific roles.

From the literature review one can deduce that there is still a bit of controversy as to who exercises strategic leadership and at what level within the organization, be it first, middle or top level managers. Effective strategic leadership revolves around short term and long-term goals of an organization and its efficiency to meet those specific goals. Strategic leadership comprises stimulating plans that suffuse organizations not just with alteration of visions, but also continual volume for modification implementation. Therefore, leadership needs to consent to the modification/ stability paradox for understanding the complexity of modification as a combined and multi – level structural competency. The next chapter focuses on the research methodology.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The accuracy and reliability of a research findings is determined by the data upon which it is based, hence it is fundamentally important that the data used in any research be collected by accurate methods from reliable sources and that it should be precise and detailed as is possible (Saunders *et al.,* 2014:473). Accordingly, the chapter sets out the methodology used for the gathering and analysis of data.

3.2 The Research Design

Sekaran and Bougie (2013:11) define research design as a blueprint for the collection, measurement, and analysis of data, based on the research questions of the study. There are different types of research designs that are used to conduct a research study, and these includes, exploratory research design, explanatory research design and descriptive research design (Babbie, 2011:25). Lindlof and Taylor (2010:712) state that research design is the logic plan of a research that throws light on how the study is to be directed. It also shows how all major fragments of the research study such as the samples or groups, measures and programs work together to address the research questions. The research design is like an architectural plan and can be seen as the actualization of a reason in a set of processes that enhances the legitimacy of data for a given research problem (Babine, 2013:44).

- **Exploratory study**

  Exploratory research is usually used when little information is known about the topic being studied. This indicates that there would be a small number of similar problems that would have been solved previously by other researchers (Sekaran, 2013:63). Such studies are often conducted in cases when the researcher needs to understand a certain problem. These studies are also considered by researchers when some facts are known regarding a topic, but there is a need for more information to be revealed to help with the expansion of a relevant conceptual framework (Silverman, 2016:141). Exploratory studies are also significant in circumstances where there is a need for the researcher to get a worthy understanding of the subject of concern to build more knowledge frameworks through launching theories and significant conceptual frameworks (Cooper & Schindler, 2014:419);

- **Descriptive study**

  A descriptive study is mostly conducted to learn more about a specific problem and to explain the features that are involved. This is naturally structured usually has a set of stated theories or investigative questions (Cooper & Schindler, 2014:437). Descriptive studies are also aimed at making sure that a valid and precise representation of the variables is provided (Hardy & Bryman, 2009). Descriptive studies have the purpose of precisely describing the phenomenon through use of numerous data collection tools (Terre Blanche *et al*., 2016:93);

- **Correlational research**

  Correlational research is a type of no experimental research in which the researcher measures two variables and assesses the statistical relationship/correlation between them with little or no effort to control extraneous variables (Welman & Kruger, 2014:61). There are essentially two reasons that researchers interested in statistical relationships between variables would choose to conduct a correlational study rather than an experiment. The first is that they do not believe that the statistical relationship is a causal one. For example, a researcher might evaluate the validity of a brief extraversion test by administering it to a large group of participants along with a longer extraversion test that has already been shown to be valid. This researcher might then check to see whether participants' scores on the brief test are strongly correlated with their scores on the longer one (Yilmaz, 2012:347). Neither test score is thought to cause the other, so there is no independent variable to manipulate;

- **Causal-comparative research**

  A causal-comparative design is a research design that seeks to find relationships between independent and dependent variables after an action or event has already occurred (McMillian & Schumacher, 2011:241). The researcher's goal is to determine whether the independent variable affected the outcome, or dependent variable, by comparing two or more groups of individuals. There are similarities and differences between causal-comparative research, also referred to as *ex post facto research*, and both correlational and experimental research (Rasinger, 2013:316); and

.

- **Explanatory research**

Explanatory research design, sometimes referred to as analytical study, mainly aims to identify any causal links between the factors or variables that pertain to the research problem, and is usually structured in nature (VanWyk, 2012:86). Explanatory research focuses on ‘why’ questions. For example, it is one thing to describe the crime rate in a country, to examine trends over time or to compare the rates in different countries. It is quite a different thing to develop explanations about why the crime rate is as high as it is, why some types of crime are increasing or why the rate is higher in some countries than in others (Hair *et al*., 2013:347)

The way in which researchers develop research designs is fundamentally affected by whether the research question is descriptive or explanatory. The research design affects what information is collected (Hair *et al*., 2014:273). Answering the `why' questions involves developing causal explanations. Causal explanations argue that phenomenon Y (example, income level) is affected by factor X (example, gender). Some causal explanations will be simple while others will be more complex. For example, the argument that there is a direct effect of gender on income (Walsh & Mitchell, 2010:631). This study therefore adopted explanatory research design because the methodology analyses the causal links between the leadership practices and financial management within eThekwini municipality.

3.3 The Research Philosophy

A research philosophy is a belief about the way in which data about a phenomenon should be gathered, analysed and used (Sekaram & Bougie, 2013:403). Walsh and Mitchell (2010:612) asserts that there are essentially two schools of thought about science and knowledge - positivism and phenomenology. Positivism is closely associated with the quantitative approach. Positivists think that they can apply methods of the natural sciences on the practices of social sciences. Positivist social scientists try to replicate procedures followed by natural scientists to control and understand the natural world. Positivists are committed to value neutrality, statistical measurement, quantifiable elements, and observable events to establish causal laws (Seale, 2011:119). Grix (2014:340) presents the most significant premises of the positivist approach, where positivists believe in the possibility of establishing cause-effect relationship. Positivists are after regularities to make predictions and establish scientific laws and that, based on this factor; it is possible to use scientific methods to analyse the social world.

On the other hand, phenomenology is closely linked to qualitative research, which is defined as a research that involves collecting and analyzing of data that are of descriptive in nature (Neuman, 2011:340). Phenomenology in business research focuses on experiences, events and occurrences with disregard or minimum regard for the external and physical reality. Phenomenology, also known as non-positivism, is a variation of interpretivism, along with other variations such as hermeneutics, symbolic interactionism and others. This branch of philosophy describes the philosophical approach that what is directly perceived and felt is considered more reliable than explanations or interpretations in communication (Armstrong, 2010:67).

In phenomenology ideas are generated from rich amount of data by the means of induction and human interests, as well as stakeholder perspective may have their reflection on the study (Bryman, 2013:240). Moreover, phenomenology in business studies is a valuable philosophy for exploring human experiences in management studies. Qualitative approach mainly focuses on collecting and analyzing of descriptive data (Neuman, 2011:340). Qualitative approach is used when a researcher is trying to get an in-depth understanding about a certain experience and processes. This type of research methodology is very useful when a research seeks to study the feelings of the people, their opinions and the reasons of the practices thereto performed. In addition, the approach is suitable when studying the attitudes and behaviors of people (Harwell, 2011:121).

Mixed methods research is a methodology for conducting research that involves collecting, analyzing, and integrating (or mixing) quantitative and qualitative research (and data) in a single study (Creswell, 2013:77). The purpose of this form of research is that both qualitative and quantitative research, in combination, provide a better understanding of a research problem or issue than either research approach alone (Alvesson & Sandberg, 2011:351).

This study employed a quantitative research approach because of the method's use numerical data to answer research questions to provide an added level of understanding to the research problem.

3.4 Research Strategies

Sarandakos (2012:465), defined research method as the theory of methods, or the way through which a researcher makes sense of the object of inquiry. Within research methodology, research strategy assumes as the general plan of how the researcher will go about answering the research questions (Saunders, 2009:90). Discussed below are some of the phenomenological research strategies;

- **Case study**

Case studies have become a popular research design as they are expressive in nature and provide broad information pertaining to specific individuals and organisations. Terre Blanche *et al* (2016:103) state that case studies involve ideographic research methods that study individuals or organisations as being distinct from sub-sets of a broader population. Case studies comprise an in-depth analysis of related circumstances that would have occurred in other organisations given that the nature and definition of the problem is the same as that experienced by other organisations. The authors place an emphasis on a contextual analysis of few occasions and provide a comprehensive insight on the researched objectives in the framework of a population or organisation (Creswell, 2013:481);

- **Observation**

According to Gupta and Gupta (2012:171), qualitative research at its most simple can take the form of observation. In observation, the researcher simply observes the research matter, like in the way a child psychologist may watch a kid play. This method is frequently used when the researcher wants to examine a subject in its natural environment or study naturally occurring behaviours. In this method, as with other forms of qualitative research, the researcher must be very careful to not introduce personal bias into his observations (Blackstone, 2013:33).

Observation may also be conducted on stationary objects, such as artefacts. For example, when an anthropologist or archaeologist looks at an artefact and draws conclusions about the way a people lived, thus performing a type of qualitative research (Easterby-Smith *et al*.,2014:320) Similarly, when a researcher reads historical documents, histories and diaries to draw conclusions about an era, that is also performing qualitative research. However, personal bias can be an issue (Kothari, 2013:39);

- **Interviews**

In some cases, qualitative research may be conducted through interviews, such as listening to someone recount something that happened in the past, such as a wartime experience or other event (Hair, 2012:114). When qualitative research takes the form of an interview, the interviewer asks open-ended questions and simply records what the participant says. Personal bias can be an issue, but other issues arise as well. For instance, the researcher may react to the subject's responses, encouraging or discouraging the dialogue in a certain direction. Moreover, the researcher has to be careful not to ask leading questions (Denscombe, 2014:230); and

- **Focus Groups**

To reduce the risk of researcher bias, a qualitative research method called focus group is sometimes used (Mackey & Gass, 2012:71). In a focus group, several people are interviewed at once to gain their opinions on a subject or item. Researchers may conduct the focus groups by interviewing them or by observing the groups converse about an issue (McMillian & Schumacher, 2011:451). This method could be used to find out what people think about a product or an advertisement. A risk in this method of interviewing is that bias is introduced into the group through the choice of group members (Kumar, 2013:46).

On the other hand, is the positivist approach with its strategies mainly being surveys and experiments as discussed below;

- **Survey Research**

Kumar, (2013:143) defined survey as any procedure in which data are systematically collected from a population or a sample thereof through some form or direct solicitation, such as face to face interviews, telephone interviews or mail questionnaires. Survey research is also defined as a method of descriptive research used for collecting primary data based on verbal or written communication with a representative sample of individuals or respondents from the target population (Gupta & Gupta, 2012:218).

- **Experimental Research**

According to Denscombe, (2014:239), experimental research designs are the primary approach used to investigate causal (cause/effect) relationships and to study the relationship between one variable and another. This is a traditional type of research that is quantitative in nature. In short, researchers use experimental research to compare two or more groups on one or more measures (Mackey & Gass, 2012:93). In these designs, one variable is manipulated to see if it influences the other variable. Experimental designs are used in this way to answer hypotheses. A hypothesis is a testable statement that is formulated by the researcher to address a specific question. The researcher designs an experimental study which will then support or disprove the hypothesis (Denscombe, 2014:224).

The research made use of the survey strategy. A survey was preferred because of its dependability. Sekaran and Bougie (2013:66) points out that the anonymity of surveys allows respondents to answer with more candid and valid answers. The authors further assert that the most accurate data is obtainable if respondents are given room to be as open and honest as possible with their answers. Surveys conducted anonymously provide an avenue for more honest and unambiguous responses than other types of research methodologies, especially if it is clearly stated that survey answers will remain completely confidential (Bryman, 2011:121).

3.5 Target Population

Population, in the research context, is usually defined from which representative elements are going to be chosen. These subsets are then used for an inquiry after which the inferences reached at will represent the position of the bigger set (Draugalis & Plaza, 2013: 42). Creswell (2014:36) defined a population as a full set of objects or people of a type under study, a full set of cases from which a sample is extracted. A population is a group of people, events or objects about whom/what the researcher wants to make inferences using statistical measures (Sekaran & Bougie 2010;57). The individuals or objects that make up the study are referred to as the population element (Cooper & Schindler, 2011:125). If the data is not collected from the correct population the survey will be unsuccessful. Cooper and Schindler (2014:147) described sampling as the selection of some of the elements in a population and drawing conclusions from this group about the entire population. The entire middle to top management eThekwini municipality workforce (300 employees) was used as the target population.

3.6 Sampling

According Welman and Kruger (2015:43), sampling is basically a systematic way of setting aside a subset from the main set, with the view of investigating certain trends and/or behaviours from that representative so that a conclusion can be reached at.

Sampling, as explained by Sekaran and Bougie (2010:51), is the process of selecting the right individuals, objects, events or representatives for the population. The sample is a subset of the population. The more representative the sample is to that of the population the more generalisable are the findings. Through the study of the sample the researcher can draw conclusions about the population (Sekaran & Bougie 2010:91). It is therefore important that the sample chosen is both relevant to the study and representative of the population. Sekaran and Bougie (2010:340) explained that it would be impractical and impossible to collect data from an entire population. Cooper and Schindler (2014:476) added to this by stating that performing research on a population would not be feasible in terms of monetary and time costs. Sekaran and Bougie

(2010:310) explained that sampling reduces the numbers involved in the collection of data and this in turn decreases fatigue and errors whilst increasing reliability. Sampling allows research to continue without having to bear exorbitant costs in terms of time, money and efficiency.

Probability and nonprobability are the broader forms of sampling, with probability commonly applied in quantitative researches and non-probability in qualitative approaches. However, there are instances where these sampling methods can be applicable either way (Wegner, 2012:73).

3.6.1 Non-probability Sampling

Non-probability sampling is defined as a sampling design in which the elements in the population do not have a known or predetermined chance of being selected as sample subjects (Sekaran & Bougie, 2013:9). Non-probability sampling has eight type of sampling methods, namely convenience, haphazard, purposive, Expert, heterogeneity, modal instance, quota, and snowball sampling.

- **Convenience Sampling:** as the name suggests, this involves collecting a sample from somewhere convenient to the research like the mall, local school, or church depending on the purpose of research. Convenience sampling is sometimes called accidental sampling, opportunity sampling or grab sampling;
- **Haphazard Sampling:** where a researcher chooses items haphazardly, trying to simulate randomness. However, the result may not be random at all and is often tainted by selection bias;
- **Purposive Sampling:** where the researcher chooses a sample based on their knowledge about the population and the study itself. The study participants are chosen based on the purpose of the study;
- **Expert Sampling:** in this method, the researcher draws the sample from a list of experts in the field;
- **Heterogeneity Sampling / Diversity Sampling:** a type of sampling where one deliberately chooses members so that all views are represented. However, those views may or may not be represented proportionally;

- **Modal Instance Sampling:** The most "typical" members are chosen from a set;
- **Quota Sampling:** where the groups (that is men and women) in the sample are proportional to the groups in the population; and
- **Snowball Sampling:** where research participants recruit other members for the study. This method is particularly useful when participants might be hard to find. For example, a study on working prostitutes or current heroin users (Harper & Thompson, 2012:413).

3.6.2 Probability Sampling

Since this study is of quantitative nature, probability sampling was utilised. Probability sampling is known as the gold standard for creating a representative sample (Neuman, 2011:43). Sekaran and Bougie (2013:34) define this type of sampling as a sampling design that allows equal chance of every element in the population to be selected as a sample subject. According to Barnham (2010:78), probability sampling has five types of sampling methods, namely simple random sampling, stratified random, systematic, cluster and multi-stage random sampling.

- **Simple Random Sampling** is a completely random method of selecting subjects. These can include assigning numbers to all subjects and then using a random number generator to choose random numbers. Classic ball and turn experiments are another example of this process (assuming the balls are sufficiently mixed). The members whose numbers are chosen are included in the sample;
- **Stratified Random Sampling** involves splitting subjects into mutually exclusive groups and then using simple random sampling to choose members from groups;
- **Systematic Sampling** means that every "nth" participant is chosen from a complete list. For example, one could choose every 10th element listed;
- **Cluster Random Sampling** is a way to randomly select participants from a list that is too large for simple random sampling. For example, to choose 1000 participants from the entire population of the SA, it is likely impossible to get a

complete list of everyone. Instead, the researcher randomly selects areas (that is cities) and randomly selects from within those boundaries; and

- **Multi-Stage Random** sampling uses a combination of techniques (VanWyk, 2012:317).

The method employed for sampling in this study was stratified random sampling whereby respondents were segregated before being randomly selected from each stratum (Barnham, 2010:81). Since stratified random sampling method involves the division of a population into smaller groups known as strata, every department of the eThekwini municipality organisation was regarded as a group.

3.6.3 Sample Size

Guided by Sekeran and Bogue (2014) table of sample size, one hundred and sixty-nine (169) out of the target population of 300 eThekwini municipality management level employees were selected as the sample size for the quantitative the study. Every third member in the database list provided by human resource was regarded as participant. Babbie (2009:321), argue that the natural scarcity of resources involving such variables as financial constraints, time and accessibility oftentimes shackles researches from getting required information from the whole population. Consequently, the study acquired data from a representative subset of the of the larger group population.

3.7 The Research Instrument

There are different types of data collection instruments that can be used when collecting information for research purposes. For this quantitative study, a questionnaire was used. Cooper and Schindler (2014:294) asserted that a questionnaire comprises of a list of research questions that the researcher use to ask the respondents designed to extract specific information based on the main research questions. Leedy and Ormand (2013:55), further highlight that questionnaires are used to collect appropriate data, make data comparable and amenable to analysis, minimize bias in formulating and asking questions, and to make questions engaging and varied.

The questionnaires were preferred as suitable for this study because it allowed the research to collect data at a minimal cost. The other advantage of using a questionnaire is that it reduces the variability of responses, less costly to administer and can be easily administered and analyzed (Soobramoney, 2008:193).

However, while there are many positives to questionnaires, disadvantages also exist. Dishonesty can be an issue as respondents may not be completely truthful with their answers (Kothari, 2014:643). This can happen for a variety of reasons, including social desirability bias and attempting to protect privacy. Nonetheless, dishonesty in its tracks was minimized by assuring respondents that their privacy was valued and that the process prevents personal identification (McMillian & Schumacher, 2013:79. Another challenge of questionnaires is that a person who is not the targeted respondent can complete questionnaires. This in turn poses the threat of misinterpretation as explanation would have been given only to the intended responded trouble with not presenting questions to users face-to-face is that each may have different interpretations of given questions (Saunders *et al*., 2009:619).

3.8 Questionnaire Construction

The research made use the structured questionnaires. Each question contained a set of answers that the respondents selected the perceived response. This allows the respondents to make a quick decision (Struwig & Stead, 2013:54).

The questions were arranged in the order of categories of the objectives of the study. The survey instrument made use of Likert type of questions. Likert scale is a psychometric response scale for obtaining the participant's interval of agreeing with a set of statements (Cooper & Schindler, 2014:311). Likert scales were preferred in this research because they are easy to interpret since they are non-comparative scaling technique and only measure a trait in nature (Saunders *et al*., 2014:97). Respondents were asked to indicate their rating level of agreement with a given statement by way of an ordinal scale.

In practice, a single questionnaire may contain various forms of questions. The various forms complement each other (Gupta & Gupta, 2010:198). As such questions of different forms are included in one single questionnaire. The construction of the questionnaire includes taking into consideration the research objectives, and questions and literature review on the role of strategic leadership practices in financial management in the eThekwini Municipality. The questionnaire consisted of 25 questions in total and was divided in to four sections as listed below.

Section A is Demographic information of research participants; section B Strategic leadership practices for ensuring effective financial management - 8 questions; section C are the relationship between strategic leadership practices and financial management - 6 questions; and finally, section D establishing factors that hinder the use of strategic practices for ensuring effective financial management - 6 questions

3.9 Pilot Study

Dross (2015:25), postulates that a pilot study is a mini-research study conducted before the intended actual larger scale study. In other words, pilot studies are a preview assimilation of the actual research undertaking. The reasons for this exercise includes assessing whether there are any foreseeable logistical problems that need to be addressed before it gets too late (Barnham, 2010:429). Ten respondents were used to conduct a pre-test of the questionnaire for avoidable inconveniences on the actual survey.

With the help of the pilot study which produced good rapport with most respondents, the sequence of the structured questions was changed (Babbie, 2011:315). After a pre-test to determine the suitability of the questionnaire, the questions were improved it in terms of question content, wording, sequence, form and layout, question difficulty and instructions. The wording of questions was made simpler and plain for understandability by respondents. A few questions that confused the respondents were rephrased to clarify the meaning and to avoid bias. The main purpose of the pilot study was to assess if the instructions were clear and the language and terminology understandable. Furthermore, from the pilot study it could be ascertained whether all areas of focus were considered, and completion time for the questionnaires could be estimated (Bowers 2010:59).

3.10 Administration of Questionnaire

The questionnaires were self- administered by the respondents. This was done because most of the correspondences is adequately literate. All the questionnaires were hand delivered to the respondents. This method was preferred because it is assumed that the respondents would be able to complete the questionnaire without assistance. The approach also reduced the costs of the data collection exercise (Kumar, 2011:244). When delivering the questionnaires, the study explained to ascertain whether the respondents would be able to complete the questionnaires without complications. The research ensured that questionnaires were self-administered during data collection to establish rapport and motivate respondents (Kothari, 2014:104). This helped with obtaining a high response rate.

The research was carried out through several designed questionnaires to collect the data from the relevant respondents. Respondents were asked to answer the questionnaires and appointments were made to collect the questionnaires within three days. The challenge was that after the three days the questionnaires were still not completed. Constant encouragement and follow up were done until some questionnaires were completed. Every survey hopes for conscientious responses, but there is no way to know if the respondent has really thought the question through before answering (Creswell, 2015:184). At times, answers are chosen before fully reading the question or the potential answers. Sometimes respondents skip through questions, or split-second choices may be made, affecting the validity of data (Alvesson & Sandberg 2011:16). This drawback was dealt with by making the survey short and questions simple to get the most accurate responses.

3.11 Collection of Questionnaires

The collection of questionnaires was done after two days from the date of distribution. To avoid wastage of time, the research personally collected the questionnaires from the respondents. After collection, the questionnaires were locked up in a cabinet for safekeeping before and after analysis. Sekaran and Bougie (2013:121), suggests that survey instruments must always be kept under key and lock to avoid accessibility by unintended users of the raw data.

3.12 Data Analysis

Data analysis entails a close examination of data collected to deduce sense out of patterns and behaviors (Creswell, 2015:140). Quantitative data analysis is a systematic approach to investigations during which numerical data is collected and/or the researcher transforms what is collected or observed into numerical data. It often describes a situation or event, answering the 'what' and 'how many' questions you may have about something (Sekaran & Bougie, 2010:439). This is research which involves measuring or counting attributes (quantities). A quantitative approach is often concerned with finding evidence to either support or contradict an idea or hypothesis you might have (Kothari, 2014:97).

According to Cooper and Schindler (2014:129), descriptive statistics are measures that are used to depict the centre, spread and shape of distribution. The data was captured using MS Excel and later exported to SPSS version 20 (originally named Statistical Package for the Social Sciences and now called Statistical Product and Service Solutions) for analysis. SPSS is a powerful computer program that is used to carry out a wide variety of statistical analyses (Bowers 2010:79).

Descriptive statistics such as the mean and the median were used to summarise the data. The Kolmogorov-Smirnov Test of normality was used to assess whether variables were normally distributed or not (Chartier, 2011:387). When applying the Kolmogorov-Smirnov Test, the null hypothesis stated that the variable came from a normally distributed sample against the alternative hypothesis that the variable came from a population that was not normally distributed (Subramanian & Saravanan, 2011:33). A p-value of the Kolmogorov-Smirnov test greater than 0.05 indicated that the variable is normally distributed and a p-value less than 0.05 indicated that the variable is not normally distributed (Wilson, 2015:67).

The One-sample Wilcoxon Signed Rank test, which is a non-parametric test used to establish whether a median for a variable differs significantly from a hypothesised value

– in this case the mid-point of the scales (0) – was conducted (Wagner *et al.*,2014:421). It is analogous to the One Sample t-test when the data is normally distributed. A median value significantly greater than the mid-point of the scale was considered to imply that the respondents agreed with the statement whereas a median value significantly lower than the mid-point of the scale was considered to imply that most respondents disagreed with the statement (Struwig & Stead, 2016:417).

Sekaran and Bougie (2010:417) explained that by obtaining a visual summary or checking the central tendency and dispersion, the researcher can gain a good understanding of the data. The mode, median, mean, standard deviation and variance give the researcher a good understanding of the participant's reaction to the questionnaire. A scale that does not have proper categories and is showing very little variance in the results could be reflective of a question that was worded incorrectly (Sekaran & Bougie 2010:413).

For this study, frequency statistics, means analysis and cross tabulation, were used to analyse the data providing both valuable information and representation of the data collected which made it possible to clearly and more easily identify a pattern within the data (Jackson 2011:63). The data that was analysed is presented in this study in the form of cross tabulations and appropriate graphs summarising and highlighting the key areas of consideration for the study.

3.13 Validity and Reliability

To address data quality control issues in the instrument used, the study used reliability and validity of instruments since the research is for a quantitative discourse.

3.13.1 Validity

Hamersley (1987), as cited in Alvesson and Sandberg (2011:16), defines validity as accuracy of representation of features of the phenomena that it is intended to describe, explain or theorize. Any research can be affected by different kinds of factors which, while extraneous to the concerns of the research, can invalidate the findings (Seliger & Shohamy 2009:95). In the case of this study, validity looked at the extent to which the questionnaire was able to measure the factors influencing job satisfaction. There are three types of validity in quantitative research:

- **Face and content validity**

The judgement that an instrument is measuring what it is supposed to is primarily based upon the logical link between the questions and the objectives of the study. Hence, one of the main advantages of this type of validity is that it is easy to apply (Dross, 2015:25). Each question or item on the research instrument must have a logical link with an objective. Establishment of this link is called face validity. It is equally important that the items and questions cover the full range of the issue or attitude being measured. Assessment of the items of an instrument in this respect is called content validity. In addition, the coverage of the issue or attitude should be balanced; that is, each aspect should have similar and adequate representation in the questions or items (Barnham, 2010:42). Content validity is also judged based on the extent to which statements or questions represent the issue they are supposed to measure, as judged by the researcher and experts in the field;

- **Concurrent and predictive validity**

In situations where a scale is developed as an indicator of some observable criterion, the scale's validity can be investigated by seeing how good an indicator it is (Moser & Kalton 2013:356). If an instrument to determine the suitability of applicants for a profession is developed, the instrument's validity might be determined by comparing it with another assessment or with a future observation of how well these applicants have done in the job. If both assessments are similar, the instrument used to make the assessment at the time of selection is assumed to have higher validity.

These types of comparisons establish two types of validity: predictive validity and concurrent validity (Leedy & Ormand, 2013:74). Predictive validity is judged by the degree to which an instrument can forecast an outcome. Concurrent validity is judged by how well an instrument compares with a second assessment concurrently done. It is usually possible to express predictive validity in terms of the correlation coefficient between the predicted status and the criterion. Such a coefficient is called a validity coefficient (Burns 2010: 220); and

- **Construct validity**

Construct validity is a more sophisticated technique for establishing the validity of an instrument (McMillian & Schumacher, 2013:316). It is based upon statistical procedures. Construct validity is determined by ascertaining the contribution of each construct to the total variance observed in a phenomenon. One of the main disadvantages of construct validity is the need to know about the required statistical procedures.

Content validity was conducted to ensure validity in this research. Content validity is defined as a test that measures if every single element of the construct is represented. Subject-matter experts were provided with access to the questionnaire and asked to provide feedback on how well each question measured and interrogated the construct in question, respectively (Creswell, 2014:33). Feedback was analyzed and used to inform decisions about the effectiveness of each question.

For this study validity was tested using content validity and construct validity. Content validity was achieved through constructive feedback that was received from both the research supervisor and those that participated in the pilot test study (Mouton, 2013:222). Also, ten respondents were given hard copies of the questionnaires to answer, to test their comprehension. A few questions that confused them were rephrased to clarify the meaning and to avoid bias. The main purpose of the pilot study was to assess if the instructions were clear and the language and terminology understandable (Creswell, 2015:147). Furthermore, from the pilot study it could be ascertained whether all areas of focus were considered, and completion time for the questionnaires could be estimated (Ravitch & Carl, 2016:113).

3.13.2 Reliability

According to Serakan and Bougie (2013:234) reliability is defined as a test that ensures that measuring instrument produces stable and consistent results. In other words, reliability is an agreement between two efforts to measure the same thing with the same methods. Therefore, reliability is the degree of accuracy or precision in the measurements made by a research instrument (Kothari, 2014:596). The lower the degree of ‘error’ in an instrument, the higher the reliability. The following are some of the types of reliability:

- **Test/retest**

This is a commonly used method for establishing the reliability of a research tool. In the test/retest (repeatability test) an instrument is administered once, and then again, under the same or similar conditions (Saunders, 2013:271). The ratio between the test and retest scores is an indication of the reliability of the instrument – the greater the value of the ratio, the higher the reliability of the instrument. The main advantage of the test/retest procedure is that it permits the instrument to be compared with itself, thus avoiding the sort of problems that could arise with the use of another instrument (Alvesson & Sandberg 2011:56).

The main disadvantage of this method is that a respondent may recall the responses that s/he gave in the first round, which in turn may affect the reliability of the instrument (Baicker *et al*., 2013:61). Where an instrument is reactive in nature (when an instrument educates the respondent with respect to what the researcher is trying to find out) this method will not provide an accurate assessment of its reliability. One of the ways of overcoming this problem is to increase the time span between the two tests, but this may affect reliability for other reasons, such as the maturation of respondents and the impossibility of achieving conditions like those under which the questionnaire was first administered (Crocker & Park, 2009:117);

- **Parallel forms of the same test**

In this procedure two instruments that are intended to measure the same phenomenon are constructed. The two instruments are then administered to two similar populations (Wegner, 2012:311). The results obtained from one test are compared with those obtained from the other. If they are similar, the instrument is assumed reliable. The main advantage of this procedure is that there is no suffering from the problem of recall found in the test/retest procedure. Also, a time lapse between the two tests is not required (Kumar, 2011:324). The disadvantage is that there is need to construct two instruments instead of one. Moreover, it is extremely difficult to construct two instruments that are comparable in their measurement of a phenomenon; and

- **The split-half technique**

This technique is designed to correlate half of the items with the other half and is appropriate for instruments that are designed to measure attitudes towards an issue or phenomenon (Gupta & Gupta, 2010:618). The questions or statements are divided in half in such a way that any two questions or statements intended to measure the same aspect fall into different halves. The scores obtained by administering the two halves are correlated (VanWyk, 2012:370).

Reliability is calculated by using the product moment correlation (a statistical procedure) between scores obtained from the two halves. The product moment correlation is calculated based on only half the instrument, it needs to be corrected to assess reliability for the whole (Welman & Kruger, 2015:10). To ensure reliability the research carried out the pre-test of questionnaire on ten participants randomly selected from the target population. This assisted in testing the reliability of the questionnaire before study commenced.

A phenomenon can be adequately measured when it can also be consistently measured. The reliability measures the consistency of results yielded by a measuring instrument, when the entity measured has not changed (Leedy & Ormrod, 2015:161). Instruments designed to measure psychological characteristics tend to be even less reliable than those designed to measure physical phenomena. Cronbach's alpha is a reliability coefficient that indicates how well items in a set are positively correlated with one another. According to Sekaran and Bougie (2014:371) reliabilities less than 0.6 are considered poor, those above 0.7 are acceptable and above 0.8 are considered good. For the purposes of this study, the Cronbach's Alpha for the 26 statements was 0.624. This means that the internal consistency reliability of the measures used in this study is marginally acceptable.

3.14 Limitations of the Study

Some of the major limitations experienced include the following:

- The study could not cover all national municipalities due to prohibitive research costs;
- The research focused on a sample because of the challenges of time availability;
- Some information could not be released because it was classified as highly confidential; and
- Due to lack of trust of the researcher's intentions, there was less than maximum cooperation from employees.

3.15 Elimination of Bias

Bias can occur in the planning, data collection, analysis, and publication phases of research (Longbottom & Lawson, 2014:77). The authors further highlight that understanding research bias allows research undertakings to critically and independently review the proceedings and avoid treatments which are suboptimal or potentially harmful. To ensure elimination of bias and constant objectivity throughout the study, the researcher kept focus on:

- **Non-use of gender aligned words**

Gender-neutral language is a form of linguistic prescriptivism that aims to eliminate (or neutralize) reference to gender in terms that describe people (Wegner, 2012:306). The research maintained non-use of gender-specific job titles and any other terms which would expose the gender of research participants. In addition, gender-neutral pronouns for either female or male participants were used to remove the alleged subconscious effects of language in reinforcing gender and gender stereotypes;

- **Avoidance of identifying people by race or ethnic group**

McMillian and Schumacher (2013:514) argues that the more central a given identity is to one's self-definition, the more an individual should be motivated to maintain and enhance the identity. In fact, social identity theory argues that individuals are driven to maintain and enhance collective self-esteem just as in personal self-esteem. In turn, people's valued social identities are important sources of self-esteem (Crocker & Park, 2009:37). To avoid the inferiority or superiority of ethnicity and race, language identifying people on this background was avoided throughout this study;

- **Refraining from language that suggests evaluation or reinforces stereotypes**

The Nature of Prejudice, have developed a systematic and more nuanced analysis of bias and its associated phenomena. According to Struwig and Stead (2013:385), interest in prejudice, stereotyping, and discrimination is currently shared by allied disciplines such as sociology and political science, and disciplines such as health and commerce. To address this challenge, the study avoided use of language that suggests evaluation or reinforces stereotypes; and

- **Abstinence from making assumptions about various age groups**

Assumptions about age groups might prejudice what could be relevant information for any good research (Wagner *et al*., 2011:318). To avoid the assumption about various age groups, the survey instrument ranged from the South African minimum legal age of employment (18 years) to as high as beyond the pensionable age of sixty years.

3.16 Ethical Considerations

It is imperative that ethical issues are considered during the formulation of the research plan. The business ethics for research refer to a code of conduct or the expected social norms of behaviour when conducting a research (Sekaran & Bougie, 2014:613). The ethical conduct will apply to the organisation, and the members that sponsor the research, the researchers and the respondent who provide the data (Michalos, 2014:62).

Sekaran and Bougie (2014:617) emphasized that the observance of ethics begins with the person instituting the research, and should do so in good faith, pay attention to the results and pursue not self-interest but organizational goal instead. The behaviour of the researchers who conduct the investigation should also reflect the ethical conduct (Michalos, 2014:68). The author further states that ethical considerations during research include: informed consent; voluntary participation; no harm to participants; confidentiality; and anonymity.

- **Ensuring participants have given informed consent**

Bryman and Bell (2011:431), asserts that getting people to participate without knowing the reasons for the research can be regarded as deception. Since deceiving people is unethical, the participants were given adequate information about the study and their role in the study to make an informed decision about being a part of the study. The research upheld anonymity, confidentiality and privacy of the participants;

- **Ensuring no harm comes to participants**

Babbie (2011:479), further states that it must be ensured that no harm is done to participants. The ethical approval for this study was obtained from the UKZN Ethics Research Committee and a gatekeeper's letter from the Human Resources Manager at eThekwini municipality. Ethical approval was sought to ensure that the human dignity is upheld and no implications are leveled against participants;

- **Ensuring confidentiality and anonymity**

Saunders (2013:271), clarify that the clearest concern in guarding subjects' interests and well-being is the protection of their identity, especially in survey research. Confidentiality and anonymity was ensured by keeping the anonymous raw data accessible only by the researcher. Use of real names was avoided during research data collection to ensure anonymity. In addition, findings of the study were reported aggregately in representation of a collective view of all the participants using acronyms to enhance anonymity; and

- **Ensuring that permission is obtained**

Addressing voluntary participation as an ethical issue, Babbie (2011:478), suggests that consent should be sought to ensure unforced participation by research subjects. Iinformed consent forms were drafted for each of the research participants to agree on before responding to the questionnaire.

3.17 Conclusion

The selected methodology served the important purpose of restricting the study to investigating only relevant matters and maintaining coherence in the study. The questionnaire method was sufficient to obtain the required information from the sample population. The following chapter presents the research findings, analysis of results, and discussion of findings.

CHAPTER FOUR: STATEMENT OF RESULTS, ANALYSIS, AND DISCUSSION

4.1 Introduction

The presentation and interpretation of the results are approached in two sections; the first section discusses the demographic profile of the respondents and the second section focuses on the findings related to the objectives of the study. The findings of this study are discussed with reference to the relevant literature pertaining to the objectives of the study. The data from incomplete questionnaires was used only to the extent that the responses completely and adequately answered questions relating to an objective.

4.3 Response Rate

One hundred and thirty (130) out of the one hundred and sixty-nine (169) distributed questionnaires were successfully returned, making a response rate of 76.92%. According to Kruger (2014:39), survey response rate that is acceptable should permit use of the information collected make decisions in the context of intended purpose. Out of the remaining 23.08%, 10% accounted for respondents who refused to be part of the study while the other 8% represented questionnaires that were attempted and returned with substantial and material information missing hence deemed not fit for inclusion in the analysis. The balance of 5% accounted for questionnaires that were not returned at all.

4.3 Section A: Demographic Information

Section A represents the biographical details of the sample. The intention of this section was to indicate the demographics of the respondents in terms of gender, age, length of service, qualifications and positions held.

4.3.1 Age of Respondents

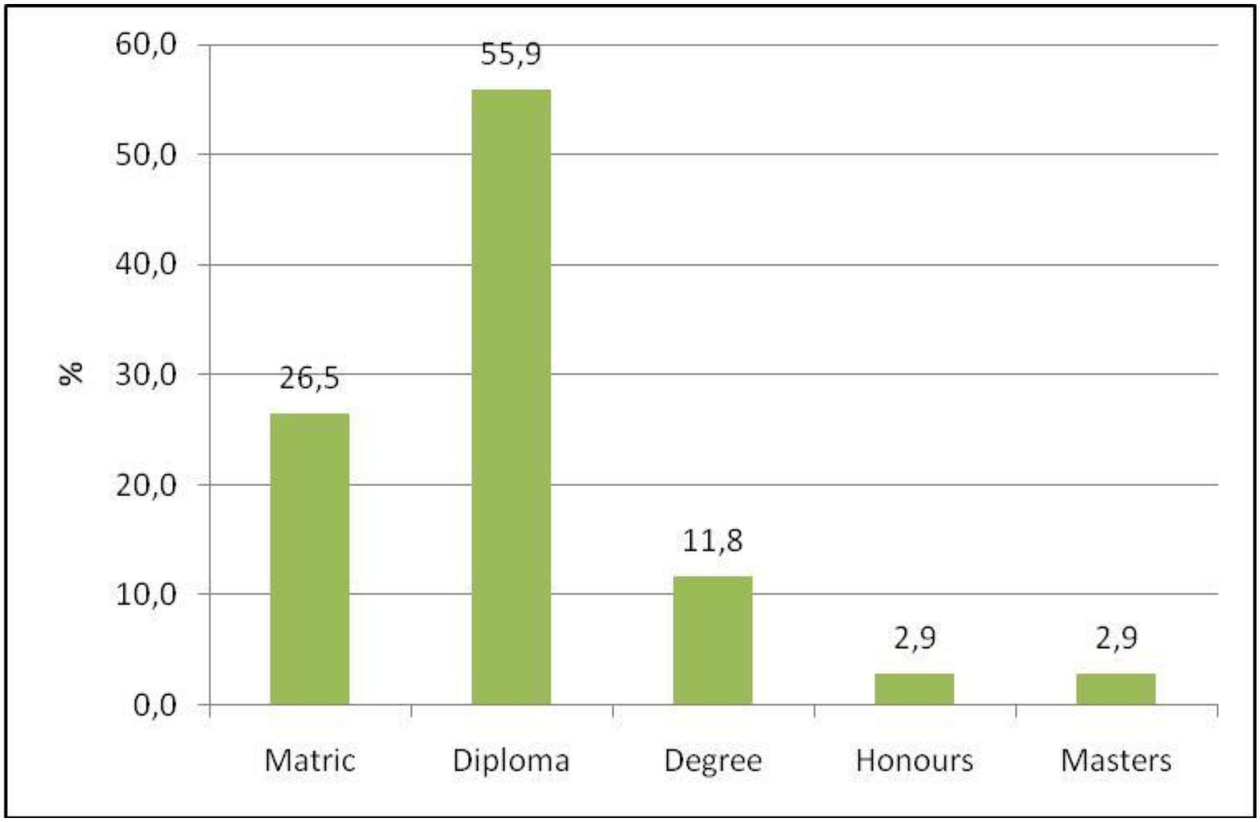
Table 4.1 Ages of Respondents

Age in Groups	Percent
20-25	12.05
26-30	13.25
31-35	18.07
36-40	24.20
41-45	13.25
46-50	6.02
51 and above	13.25
Total	100.00

The data above show a total frequency of 83 because 7 questionnaires out of the returned 90 were spoilt and therefore deemed unusable. Table 4.1 presents that most of the respondents (24.20%) were between the ages 36-40 years, followed by ages 31 to 35 with 18.07% whereas ages 46 to 50 years had the least in population at 6.02%. Age ranges 26 to 30, 41 to 45, and above 51 had a uniform 13.25% each. Age group 20 to 25 years had 12.05%. This outcome concurs with studies conducted by Hedges (2013:73) who stated that the average age of productive organisational workforce is 30-40 years. The age profile of the workforce at eThekwini municipality is thus in similar proportion to that of economically active people in most countries (Euro monitor, 2015).

4.3.2: Level of education

Figure 4.1: Level of education of the sample



More than half (55,9%) of the respondents have Diplomas as their highest level of education, 26,5% have matric as their highest level of education while the remaining 17,6% had Degree or higher educational attainment. According to Van Hoek and Schultz (2014:295), education enhances allocative ability in the sense of selecting the appropriate input bundles and of efficiently distributing inputs between competing uses, and therefore the return to this ability is part of the return to education. Welch (2015:92) stresses the role of education in production, showing that, while it can be considered as any other factor in the sense that it may directly contribute to physical product, the effects of allocating other factors must also be recognized. The advantage of such a population with a relatively high number of professionals is that it is easy to involve them in decision-making and solicit their views in the improvement of the organisation's performance management system. eThekwini municipality therefore can upgrade its employees' level of education as learned workforce might lead to improved creativity and innovativeness, hence improved efficiency. However, not every job calls for skills.

4.3.3 Job level

Figure 4.2: Job Position

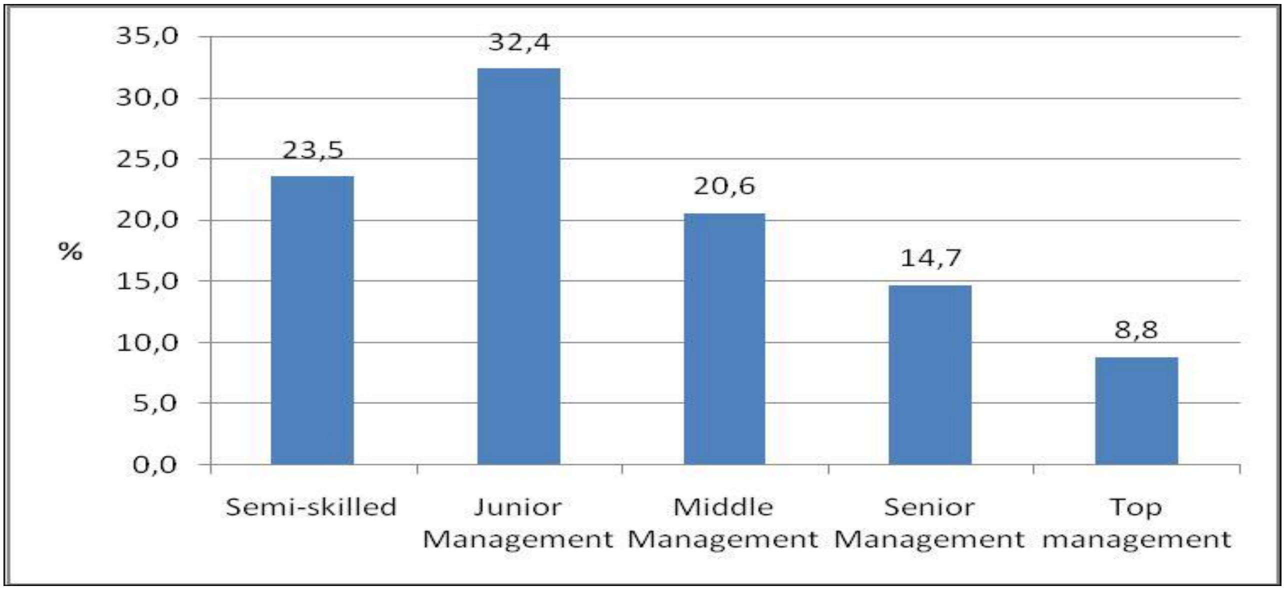


Figure 4.2 shows that the highest proportion (32,4%) of the respondents were in junior management, followed by semi-skilled workers with 23,5% and top management accounted for 8,8% of the responses. In relation to the findings presented in Figure 4.2 above, Eagly and Carli, (2012:119) postulates that workers may value promotions because they carry an increase in job amenities such as a bigger office or spending account (factors which are observable but for which we do not have the information) or because they enjoy the acknowledgement of work well done and the ego boost that comes with a promotion (factors which are not easily observable). Some workers might enjoy the increase in authority over co-workers that often accompanies a promotion. Given all the dimensions in which promotions can affect workers' careers and compensation, relatively little attention has been paid to the importance of promotions as a determinant of job satisfaction (Kosteas 2009:315). Of course, job positions also serve to place individuals into different jobs, where their skills can be used to greater

effect. However, not all promotions carry an increase in supervisory responsibilities or significant changes in tasks.

4.3.4: Gender

Figure 4.3: Gender distribution of the sample

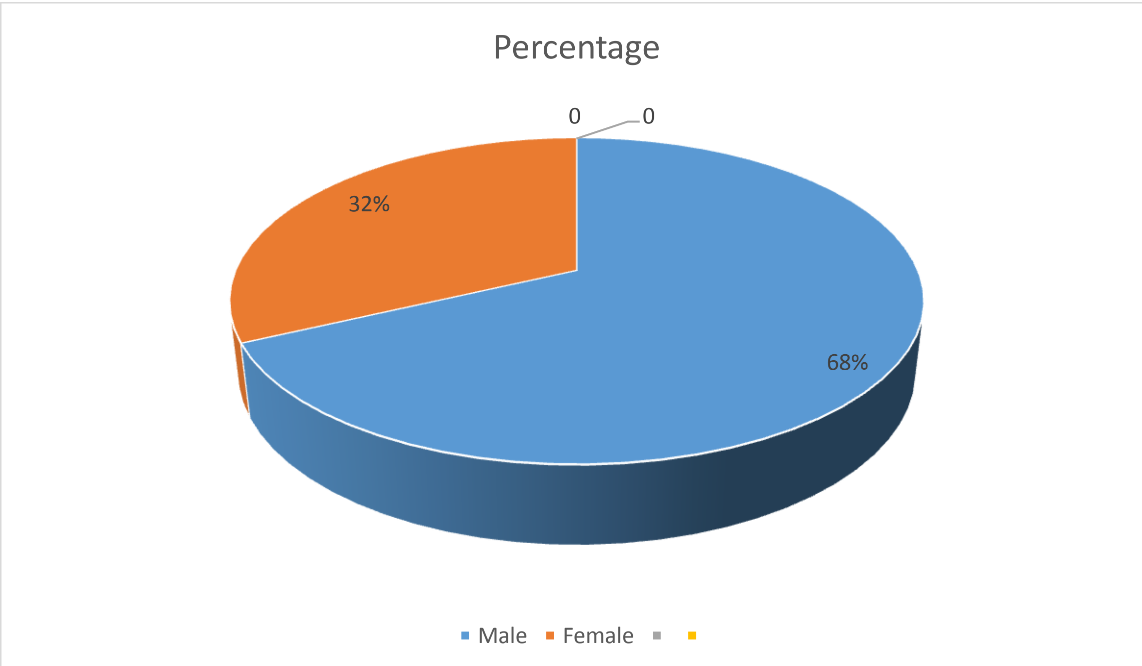
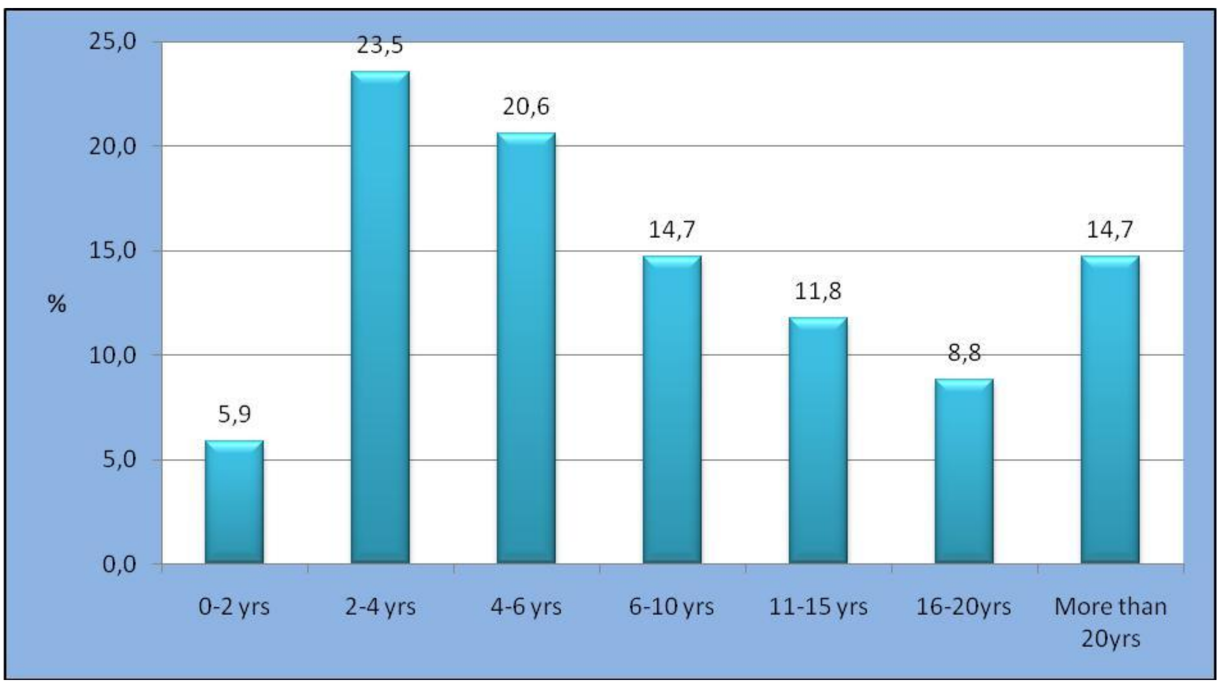


Figure 4.3 above shows that male employees constituted 68%, whilst the remaining 32% represented the women. This outcome presents an imbalance of gender within the eThekwini municipality employee setup. This outcome is in line with a research by Greene (2015) where a revelation is made that although the women's rights movement took a great leap forward in the 21st century, females still face discrimination in the professional world. This discrimination can take several forms, including exclusion from specific jobs, industries and lower pay for hours worked.

According to Eagly and Carli, (2012:136), workplace has sometimes been referred to as an inhospitable place for women due to the multiple forms of gender inequalities present. Some examples of how workplace discrimination negatively affects women’s earnings and opportunities are the gender wage gap, the dearth of women in leadership, and the longer time required for women (vs. men) to advance in their careers (Blau and DeVaro, 2013). In other words, workplace discrimination contributes to women's lower socio-economic status. Importantly, such discrimination against women largely can be attributed to human resources (HR) policies and HR-related decision-making. Furthermore, when employees interact with organizational decision makers during HR practices, or when they are told the outcomes of HR-related decisions, they may experience personal discrimination in the form of sexist comments. Both the objective disadvantages of lower pay, status, and opportunities at work, and the subjective experiences of being stigmatized, affect women's psychological and physical stress, mental and physical health, job satisfaction and organizational commitment, and ultimately, their performance (Borrel *et al*., 2010),

4.3.5: Length of service of the sample

Figure 4.4: Length of service



About 15% of the eThekwini municipality employees have been with the organisation for more than 20 years and the advantage of having such a high number is that these employees can impart their knowledge and experience to the new employees. More than a quarter (29, 4%) have been employed by the organisation for less than 4 years.

The modal length of service of the respondents is 2-4 years with 23, 5%. This means that the population is comprised of employees who are relatively inexperienced.

In summary of the demographic statistics at eThekwini municipality, it is evident that workers' priorities are often similar across generations, but strategies should not reflect a one-size-fits-all approach. Ziegler *et al.,* (2015:178) concurs with the findings of this study by confirming that the results from this survey show that Millennials, members of Generation X and Baby Boomers all place a high level of importance on overall benefits when determining job satisfaction. However, they value a few other aspects of their jobs differently. Millennials (88%) placed greater importance on career development opportunities than Baby Boomers did (76%), for example, and members of Generation X (89%) more frequently cited organization's commitment to professional development as a contributor to job satisfaction compared with Baby Boomers (79%). As the proportions of Millennial and Baby Boomer workers in the labour force shift in the future, HR professionals should be aware of different factors that engage employees of all generations. However, in what has become a challenging time for managing talent of all levels, HR professionals are frequently leveraging their organizations' benefits as a means of recruiting and retaining high-performing employees (Yousef, 2011:97).

4.3 Strategic Leadership Practices for Ensuring Effective Financial Management

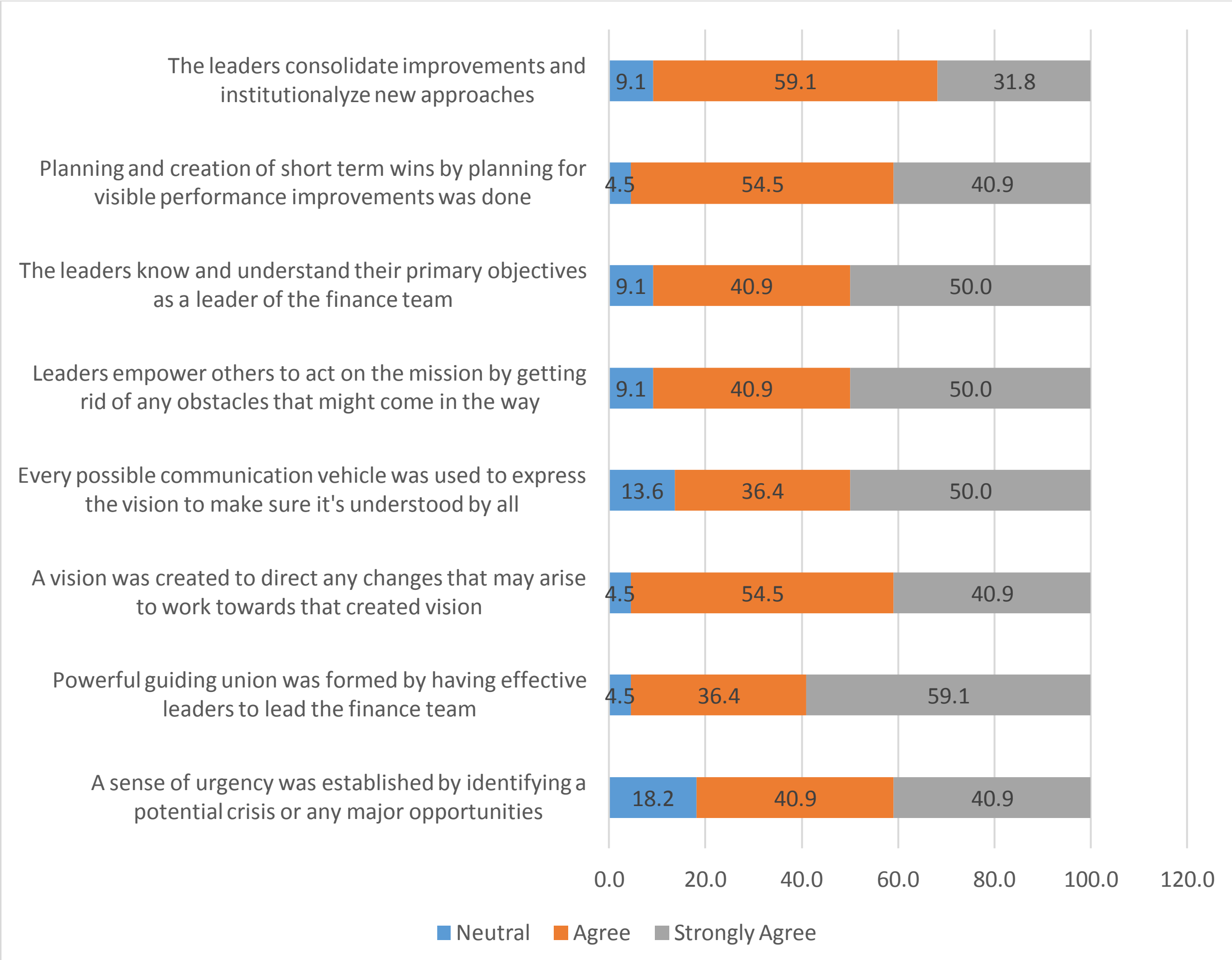


Figure 4.5: Summary of statements from section B

Figure 4.5 above Shows the summary of all the statements from section B of the research instrument which deals with: Strategic leadership practices for ensuring effective financial management. Results showed that almost all the participants agreed or strongly agreed to all the statements. Fifty nine percent (59%) agreed to the statement of leaders consolidate improvements and institutionalize new approaches, approximately thirty two percent (32%) strongly agreed to that statement. Fifty four percent (54%) agreed to the statement planning and creating of short term wins by panning for visible performance improvements was done, forty percent (40%) strongly agreed to this statement. Forty percent (40%) agreed to the statement that leaders know and understand their primary objectives as a leader of the finance team, fifty percent (50%) strongly agreed to this statement. For example, half of the participants strongly agreed that every possible communication vehicle was used to express the vision to make sure it's understood by all, leaders empower others to act on the mission by getting rid of any obstacles that might come in the way, and the leaders know and understand their primary objectives as a leader of the finance team respectively. It was also found that 59% of the participants strongly agreed that a powerful guiding union was formed by having effective leaders to lead the finance team. There were no responses that disagreed to the above statements, which could mean that the leaders can be said to be leading by good example. There are aspects that enhance an organization's strategy (Hartman, 2004) which include: focusing on the core business, constant effective communication, prioritizing initiatives and balancing the risk and rewards.

These findings revealed that the leaders were able to abide by the vision and mission of the municipality. The leaders were able to communicate these and implement them right through to their fellow junior employees and working well together as a team. This is strongly evident from the response rate from the above statements; the responses were either agreeing or strongly agree. Having a strong vision and mission statement is supported by (Hume and Leonard, 2014) who suggested that having a concrete strategic plan enables sound implementation. The statements above prove that effective management was established within the municipality because the vision and mission were aligned and abided by correctly.

4.4 The Relationship Between Strategic Leadership Practices and Financial Management

The present study found that most of the participants positively responded to all the statements in section C which deals with: The relationship between strategic leadership practices and financial management, illustrated by Figure 4.6, below. Half of the participants (50%) strongly agreed that ethical practices are being emphasized by the strategic leaders of the finance team. Results showed that more than half of the participants agreed to the following statements: The relationship between strategic leadership practices and financial management can be considered as a strong relationship with a response rate of sixty eight percent (68%). The positive responses show that there is a good relationship between strategic leadership practices and financial management. Strategic leadership practices are multifunctional and have the ability to accommodate any organization, they just have to be used appropriately (Huey, 1994). Leadership practices vary from each organization but a few that will aid the municipality into having sound financial management include determining strategic direction, effectively managing the organizations resource portfolio, and emphasizing ethical practices. There are no negative remarks regarding this statement and it has the highest positive feedback from the statements in section C, which also goes to prove that the leaders can have something to be proud of. There are most definitely doing something right, which is evident from the responses.

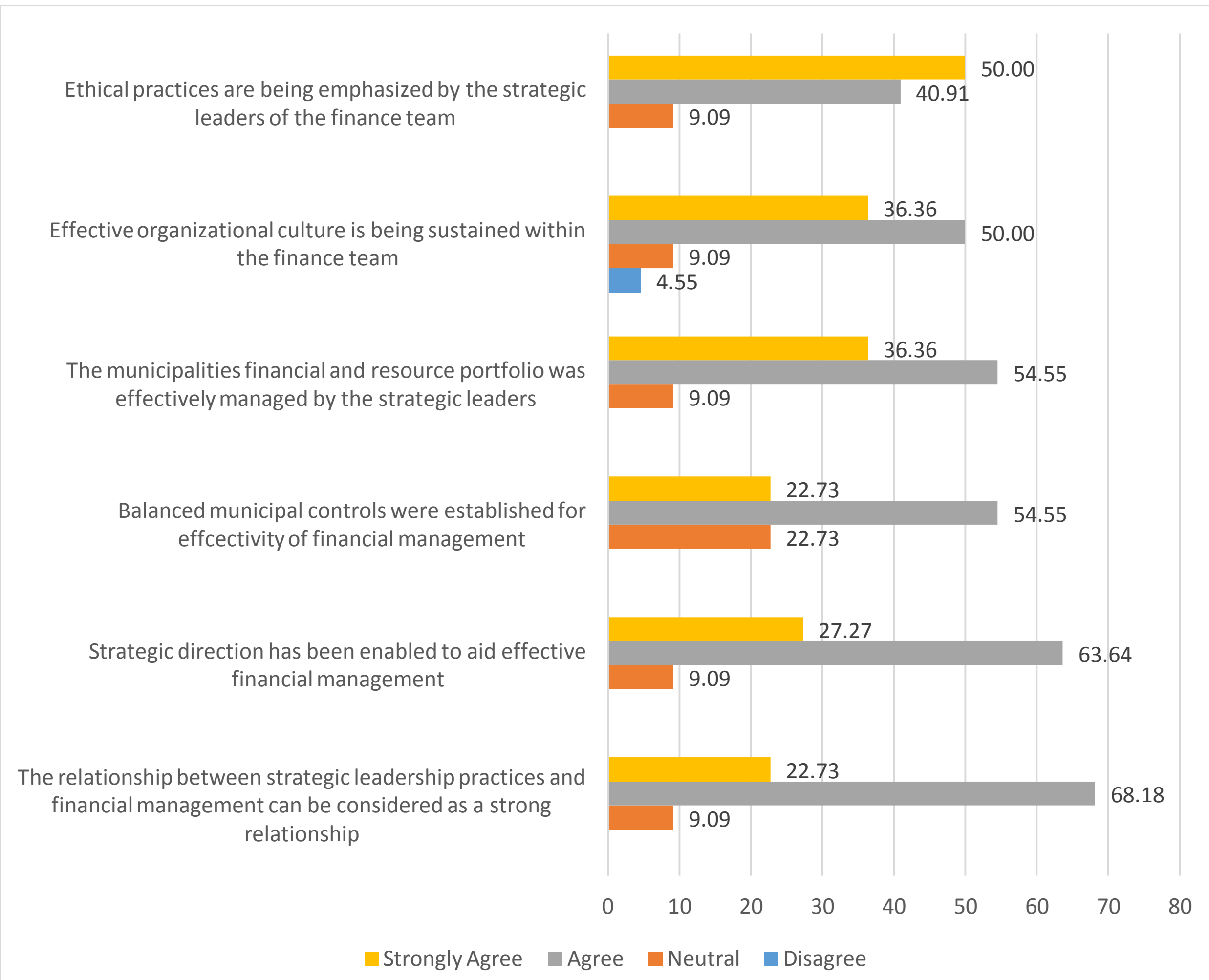


Figure 4.6: Summary of statements from section C

More statements where more than fifty percent of participants agreed were; Strategic direction has been enabled to aid effective financial management with a response rate of sixty four percent (64%), Balanced municipal controls were established for effectivity of financial management with fifty four percent (54%), and the municipalities financial and resource portfolio was effectively managed by the strategic leaders also with fifty four percent (54%). Before being able to manage resources, the aim is to know which resources will aid the efficient management of the organization. Unfortunately, most leaders fail to strategically elect the rightful resources which would sustain the organization for going concern (Ireland et al., 2003) p965. It could thus be seen to be a positive aspect for the municipality since the response of 54% is reasonable. This is since dealing with a financial resource is quite sensitive in any organization; therefore, this response shows that the leaders were able to build a certain level of trust within their department though there is still room for improvement. In this case it would thus be safe to say that the leaders haven't failed to sustain the rightful resources for going concern.

The statement of Effective organizational culture is being sustained within the finance team which had a response of four percent (4%) who disagreed to the statement. By looking at this statement alone, fifty percent (50%) had agreed to it. Even though the positive outweighs the negative responses one cannot ignore the fact that there's a minority which disagree to the statement. Organizational culture is quite sensitive in an organization and was defined by (Ahmad, 2012) as opinions, principles, communications and a form of behavior for the delivering guidance to the people concerned. The way one responds to another or perceives things is never the same the other as we are all different beings. Opinions will always differ and the manner in how we communicate these is also very important. There is thus an increase of employee attitudes which also affects the organizational culture (Hemmelgarn et al., 2006). Furthermore, the way an organization places itself, the implementing of an intervention will either maximize or minimize the organizations effectiveness. It is imperative to be able to understand the organization and its culture to be able to sustain an effective organizational culture. The heart of the organizations environment is mostly branded by its culture, construed by the opportunities and vision of the leaders and management. The municipality thus needs to focus more into having an effective organizational culture and be able to swiftly resolve any issues that may come about.

4.5 Factors that Hinder the use of Strategic Leadership Practices for Ensuring Effective Financial Management

According to Figure 4.7, It was found that most of the participants positively responded to all the statements (>85%). These statements deal with the last section of the research instrument, dealing with; Factors that hinder the use of strategic leadership practices for ensuring effective financial management. More than 70% of the participants agree with the statement of availability of resources hindering strategic leadership practices. This statement is also supported by (Meredith, 1986), availability of resources also hinders strategic leadership practices, not having enough resources will result in not meeting municipal goals especially finances. Therefore, it is empirical that there are strategic leaders in financial management to budget well with the financial resource. Resources are quite scarce and when made available should be handled critically with care especially when it comes to finances.

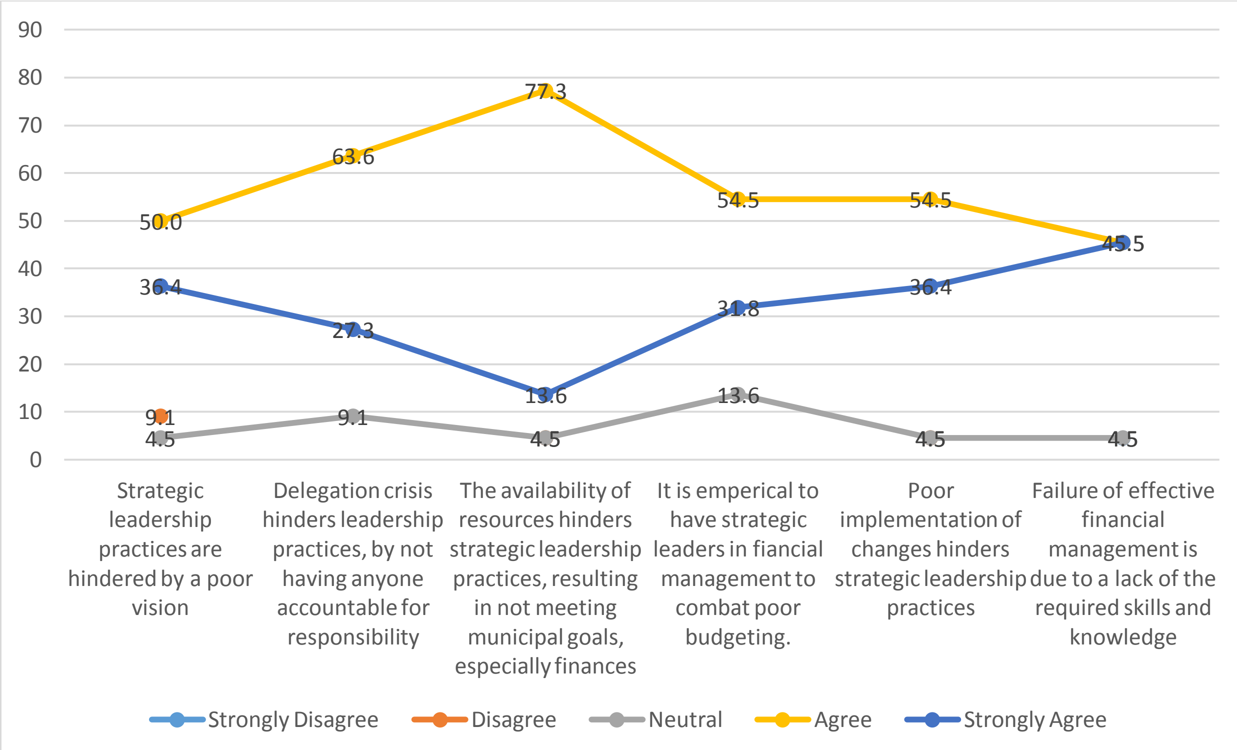


Figure 4.7: Summary of statements with regards to section D

The statement which had both positive and a negative response is that of strategic leadership practices are hindered by a poor vision whereby nine percent (9%) disagreed to this statement and four percent (4%) were neutral, thirty-six were percent (36%) strongly agreed and fifty percent (50%) agreed. This statement was supported by (Hitt et al., 2007) stating that, Strategic leadership practices are hindered by a poor vision and failing to implement the vision. Some participants did also agree to this statement when looking at their responses. However, there were some participants that disagreed to the statement but it was only a minority of 9%. One should consider that everyone is entitled to their own opinions and maybe they might see it fit that delegation crisis also hinders leadership practices, not being able to delegate and account for responsibility this will result in not having the will power to empower team members since no one will account for responsibility. A good vision is needed together with a good mission as has been mentioned in Section B. Without a good vision that is being adhered to the municipality will be set for failure.

Failure of effective financial management is due to a lack of the required skills and knowledge is one of the statements which had positive responses, approximately forty six percent (46%) both agreed and strongly agreed to this statement. It is thus empirical that there are strategic leaders in financial management to budget well with the finance resource, and these leaders must have the required skills and knowledge. Knowledge management is also very important so much so that the transfer of knowledge should also be done and thoroughly.

4.6 Tests of Normality

All the scores of all the statements for each of the sections were added to get the overall scores. The overall scores were then tested for normality for further analysis. The normality test showed that the overall scores were not normally distributed. Therefore, inferential tests were conducted using non-parametric test.

Table 4.2: Normality test output

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Section B	.204	22	.018	.862	22	.005
Section C	.222	22	.006	.897	22	.025
Section D	.251	22	.001	.721	22	.000
a. Lilliefors Significance Correction						

4.7 Correlations

To determine the relationships among the three sections, Spearman’s rho correlation test was conducted. The results showed that there was a significantly moderate correlation existing between section B and section D (r=0.448, p=0.37).

Table 4.3: Spearman's rho correlation analysis output

Correlations					
			Section B	Section C	Section D
Spearman's rho	Section B	Correlation Coefficient	1.000	.197	.448*
		Sig. (2-tailed)	.	.380	.037
		N	22	22	22
	Section C	Correlation Coefficient	.197	1.000	.033
		Sig. (2-tailed)	.380	.	.885
		N	22	22	22
	Section D	Correlation Coefficient	.448*	.033	1.000
		Sig. (2-tailed)	.037	.885	.
		N	22	22	22
*. Correlation is significant at the 0.05 level (2-tailed).					

4.8 Ranks

Mann-Whitney Test was carried out to compare the mean rank of the overall scores of the three sections for demographic variables. It was found that mean rank for section B was significantly low among African respondent compared to their counterparts (9.78 vs 16.06, p=0.040) but the other sections were similar (p>0.05).

Table 4.4: Mann-Whitney Test output for Race

Ranks

	Race Code	N	Mean Rank	Sum of Ranks
Section B	African	16	9.78	156.50
	Other	6	16.08	96.50
	Total	22		
Section C	African	16	11.34	181.50
	Other	6	11.92	71.50
	Total	22		
Section D	African	16	10.03	160.50
	Other	6	15.42	92.50
	Total	22		

Test Statistics[a]

	Section B	Section C	Section D
Mann-Whitney U	20.500	45.500	24.500
Wilcoxon W	156.500	181.500	160.500
Z	-2.054	-.189	-1.763
Asymp. Sig. (2-tailed)	.040	.850	.078
Exact Sig. [2*(1-tailed Sig.)]	.040[b]	.858[b]	.083[b]
a. Grouping Variable: Race Code			
b. Not corrected for ties.			

Results showed that the mean rank for section B was significantly high among male participants than female participants (16.13 vs 8.86, p=0.011) but the other sections were similar (p>0.05).

Table 2: Mann-Whitney Test output for gender

Ranks				
	Gender	N	Mean Rank	Sum of Ranks
Section B	Male	8	16.13	129.00
	Female	14	8.86	124.00
	Total	22		
Section C	Male	8	12.69	101.50
	Female	14	10.82	151.50
	Total	22		
Section D	Male	8	12.50	100.00
	Female	14	10.93	153.00
	Total	22		

Test Statistics[a]			
	Section B	Section C	Section D
Mann-Whitney U	19.000	46.500	48.000
Wilcoxon W	124.000	151.500	153.000
Z	-2.558	-.666	-.556
Asymp. Sig. (2-tailed)	.011	.505	.579
Exact Sig. [2*(1-tailed Sig.)]	.010[b]	.525[b]	.616[b]
a. Grouping Variable: Gender			
b. Not corrected for ties.			

Kruskal-Wallis Test was carried out to compare the mean rank for all the sections with regards to participants' current position. The study found that position of work had no effect on the three sections being investigated as the mean ranks were similar among three groups ($p>0.05$).

Table 4.6: Kruskal-Wallis Test output

Ranks			
	Current position of participant	N	Mean Rank
Section B	Senior manager	6	12.92
	General manager	1	17.50
	Employee	15	10.53
	Total	22	
Section C	Senior manager	6	9.50
	General manager	1	13.50
	Employee	15	12.17
	Total	22	
Section D	Senior manager	6	14.33
	General manager	1	5.50
	Employee	15	10.77
	Total	22	

Test Statistics[a,b]			
	Section B	Section C	Section D
Chi-Square	1.510	.867	2.264
df	2	2	2
Asymp. Sig.	.470	.648	.322
a. Kruskal Wallis Test			
b. Grouping Variable: Current position of participant			

4.9 Conclusion

This chapter illustrated results from the study, which were analyzed and discussed relating to Chapter Two which is the literature review. The findings from the study proved to be a huge success in ascertaining the role of strategic leadership practices in financial management of the eThekwini Municipality. These findings do confirm that the role of strategic leadership practices have a substantial impact on the employees and the performance of the municipality. Conclusions and recommendations to the municipality to improve the role of strategic leadership practices will be discussed in the following chapter.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter concludes on the findings of the research study, the conclusion is mostly based on the literature review. The recommendations are made based on how the financial management of the eThekwini Municipality can improve their strategic leadership practices. Conclusions and recommendations are mostly based on the research objectives and research questions.

5.2 Summary of Study Objectives

The primary objective was to identify the role of strategic leadership practices in financial management of the eThekwini Municipality. Financial Management is on its own a vital need in the municipality. The objectives of the study that were investigated were strategic leadership practices for ensuring effective financial management, the relationship between strategic leadership practices and financial management and factors that hinder the use of strategic leadership practices for ensuring effective financial management.

5.3 Conclusion

Below are the conclusions based on the findings of the study on each of the objective:

5.3.1 Strategic Leadership Practices for Ensuring Effective Financial Management

Strategic leadership practices for ensuring effective financial management were identified in the study proving that the study was effective. It was also confirmed that 59% of the participants strongly agreed that a powerful guiding union was formed by having effective leaders to lead the finance team. Most of the participants strongly agreed to the effectiveness of the leadership practices such as that of being able to plan and create short term wins for visible improvements.

Leaders are human beings and due to such we all have different opinions and expectations thus resulting in the difference of interpretations in the decisions made. Strategy is something that every organization has but of a different caliber, unique and one that is fit for that organization. It is mostly competitive; therefore, an organization must gain competitive advantage and a strategic position to outweigh its competitors.

With any role one plays, being it in the workplace or at a home, as a leader or follower it is empirical to always consider those around you. It is empirical for owners, managers, or leaders to know and understand what finance is all about and which finance is available to them. The local government is a sphere of government, meaning that it consists of every municipality in South Africa making up the combined sphere of the local government. Developing countries such as South Africa have had difficulty in budget execution and accounting processes, due to insufficiently maintained software applications. This has led to the major government problems faced by these developing countries. Financial Management needs careful attention to detail and an organization such as the municipality needs to employ those with financial expertise and skills deemed necessary. The municipality needs to have strong willed leaders to ensure an even better and efficient financial management team.

5.3.2 The Relationship Between Strategic Leadership Practices and Financial Management

Leadership may be interpreted in various ways because there are many forms of leadership. The review stated out that leadership is a process, it’s influential, appears whenever an assembly is involved and leadership comprises achieving a goal. Strategic attributes are needed for organizational success, such as strategic leadership which includes having followers and a situation.

The literature review elaborated on financial management and its need in municipality. Literature reviewed the various types of strategic leadership practices that are common to most organizations and aid to its success. These included; formulating a sense of earnestness by ascertaining a probable crisis or any major opportunities, developing a powerful guiding coalition by having effective leaders who will also be able to encourage its team to work collectively as a team and generating a vision to direct any changes that may arise and to work towards the created vision. However, there was more focus on organizational practices since the municipality is a huge organization where one needs to fully understand its organizational practices before they come into effect. Most organizations such as the municipality are however lead by these organizational practices as they form a set of guidelines to which the municipality must abide by for the benefit of themselves and the people at large.

There proved to be a strong relationship between strategic leadership practices and financial management due to the way the practices were used and the positive response rate. Strategic leadership practices are multifunctional and can accommodate any organization, they just have to be used appropriately. It is now up to the municipality to make sure that they keep up the good work and continue to work effectively as a team. Leadership practices that will aid effective financial management comprise defining strategic direction, creating balanced organizational controls, successfully managing the organizations resource portfolio, nourishing an effective organizational culture and accentuating ethical practices.

5.3.3 Factors that Hinder the use of Strategic Leadership Practices for Ensuring Effective Financial Management

The literature reviewed that there were some factors that might hinder strategic leadership practices such as a leader having a poor vision, lack of resources whether it be financial or any type of resource that may be beneficial to the organization and delegation may be a huge hindrance to the leadership practice. Financial advisors should be sought when assistance is needed. Being in the finance team requires individuals to know and understand finance and their specific roles.

More than 70% of the participants agree with the statement of availability of resources hindering strategic leadership practices, resulting in not meeting municipal goals, especially finances. The literature review found this to be true as one needs to be financially literate, have the necessary resources to have a greater impact in the municipality. With the above-mentioned encounter, financial management is truly a need in the municipality.

5.4 Recommendations

Recommendations from the study include the following:

5.4.1 More senior members should partake in such research questionnaires

Only 27% of the participants were seniors, whereas most of the leadership roles will be more attributable on senior managers than just the general employees. Getting a holistic view would aid the research as they may also get an introspective from partaking in the questionnaire and get to see where they may be lacking or where they would need to improve.

5.4.2 Resources should be readily available to meet organizational goals

The study showed that more than 70% of the participants agreed that the unavailability of resources hinders strategic leadership practices which will result in the municipal goals not being met, especially that of finances. Finances are a on their own quite a challenging factor, the financial team should thus make means into making sure that they have more liquid assets to assist the municipality should they run out of funds and need cash quickly.

5.4.3 Financial management should delegate responsibility

Delegation crisis hinders leadership practices, especially by not having anyone who is accountable for responsibility which was evident from the study by 63.6% of the participants agrees to such statement. Every individual should fully understand and know their role within financial management and their responsibility thereto. Delegation of roles and responsibility should be sought from the beginning.

5.4.4 Recruiting skilled and educated employees

Every department within an organization needs the right skills and educated people so to be able to understand the work needed to be done. Unskilled employees result in numerous errors resulting in the department being incompetent and a back lock of way. The study showed that 45.5% of the participants strongly agree and agree that failure of effective financial management is due to a lack of skills and the required knowledge. The municipality should make sure that they recruit individuals with the required skills and knowledge.

5.5 Conclusion

The role of strategic leadership practices in the financial management of the eThekwini municipality was the primary objective of the study, from the findings it can be deduced that strategic leadership practices are imperative in any organization be it a small or huge organization. There are various leadership roles but for each role to benefit the organization it must be used in conjunction with all the other leadership practices and roles that have been set out in the organization. Organizational goals are met in time when the vision and mission of the organization are aligned with the necessary leadership practices, whereby everyone knows and abides by their respective role. Financial Management is not a standalone department and would not be able to function well without good governance.

There are factors that hinder the use of strategic leadership practices from the study, which include having a poor vision, delegation crisis and the unavailability of resources just to name a few. Transfer of Knowledge is also vital; the way the knowledge is transferred, is the knowledge transferred to the rightful individuals and making sure that confidentiality is kept always. Poor Knowledge transfer also hinders strategic leadership practices.

Possible areas for further research have also been identified from the study, which would be how financial management handles their financial resource by making sure that the municipality doesn't become bankrupt. The study proved to show how leadership practices are imperative in an organization, hence having these would aid leaders in financial management to manage their financial resource and how they go about managing it.

This study would be more valuable to any organization, especially those needing to understand the role of strategic leadership practices within their specific organizations, how they would affect their organization and how to implement such strategies within their organizations. It would also be useful to leaders that need to do an introspective of themselves and their organizations and to that that want to start up a company.

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APPENDIX

INFORMATION LETTER

Dear Participant

I am a Master's student at the Graduate School of Business and Leadership at the University of Kwa – Zulu Natal (Westville campus) conducting my research on The Role of Strategic Leadership Practices in Financial Management of the EThekwini Municipality, KZN.

There is still a bit of controversy as to who exercises strategic leadership and at what level within the organization, be it first, middle or top level managers. Effective strategic leadership revolves around short term and long term goals of an organization and its efficiency to meet those specific goals. Strategic leadership involves activating agendas that infuse organizations not just with change visions, but also with sustained capacity for change implementation. Therefore, the leadership needs to accept the change/ stability paradox in order to understand the complexity of change as a collective and multi – level organizational competency.

Please note that information obtained will be strictly confidential and only be used for the data analysis purposes. There are 4 parts to the questionnaire which should not take longer than 10 minutes to complete. Your participation is voluntary but would be highly appreciated.

The deadline for completion is 16 September 2016. For any queries regarding this questionnaire please contact Zasembo Mkhize at zasembo@icloud.com. A printed copy is available for participants who do not have internet access.

Thank you for your valuable time and cooperation in completing this survey.

Kind Regards,

Zasembo Mkhize

Research Instrument

The role of Strategic Leadership Practices in Financial Management of eThekwini Municipality, KZN.

This questionnaire consists of 4 sections (A - D) with a total of 20 questions. please answer the questions truthfully. there is no right or wrong answers. it will only take 10min of your time.

section a

biographical data

(please fill in or tick the relevant box)

1. to which racial group do you belong?

white	
asian	
west indian	
african	
other	

2. are you male or female?

male	
female	

3. what is your current position?

senior manager	
deputy manager	
general manager	
municipal manager	
ceo	
employee	

4. what is your date of birth?

dd	mm	yy

5. when did you join the municipality?

mm	yy

SECTION B

<u>Strategic leadership practices for ensuring effective financial management</u>

(please tick the relevant box)

strongly agree 5	**agree 4**	**neutral 3**	**disagree 2**	**strongly disagree 1**

a sense of urgency was established by identifying a potential crisis or any major opportunities

1. a powerful guiding union was formed by having effective leaders to lead the finance team.

2. a vision was created to direct any changes that may arise and to work towards the created vision.

3. every possible communication vehicle was used to express the vision to make sure it's understood by all.

4. the leaders empower others to act on the mission by getting rid of any obstacles that might come in the way.

5. the leaders know and understand their primary objectives as a leader of the finance team.

6. planning and creation of short term wins by planning for visible performance improvements was done.

7. the leaders consolidate improvements and institutionalyze new approaches.

SECTION C

<u>The relationship between strategic leadership practices and financial management</u>

(please tick the relevant box)

8. the relationship between strategic leadership practices and financial management can be considered as a strong realationship.

strongly agree 5	agree 4	neutral 3	disagree 2	strongly disagree 1

9. strategic direction has been enabled to aid effective financial management.

10. balanced municipal controls were established for the effectivity of financial management.

11. the municipalities financial and resource portfolio was effectively managed by the strategic leaders.

12. effective organizational culture is being sustained within the finance team.

13. ethical practices are being emphasized by the strategic leaders of the finance team.

SECTION D

Factors that hinder the use of strategic leadership practices for ensuring effective financial management

(please tick the relevant box)

	strongly agree 5	agree 4	neutral 3	disagree 2	strongly disagree 1
14. strategic leadership practices are hindered by a poor vision.					
15. delegation crisis hinders leadership practices, by not having anyone accontable for responsibility.					
16. the availability of resources hinders strategic leadership practices, resulting in not meeting municipal goals, especially finances.					
17. it is emperical to have strategic leaders in financial management to combat poor budgeting?					
18. poor implementation of changes hinders strategic leadership practices.					
19. failure of effective financial management is due to a lack of the required skills and knowledge.					

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thank you for your time and participation!!!