EMPLOYEE ENGAGEMENT IN SMALL MEDIUM MICRO ENTERPRISE IN THE BUFFALO CITY MUNICIPALITY

By

Bulelwa Ndileka Mlakalaka

Student number: S210227370

Treatise submitted in partial fulfilment of the requirements for the degree of:

MASTER OF BUSINESS ADMINISTRATION (MBA)

IN THE

FACULTY OF BUSINESS AND ECONOMIC SCIENCES

AT THE

NELSON MANDELA METROPOLITAN UNIVERSITY

Supervisor: Dr. A. Weimann

April 2017
ABSTRACT

The purpose of the study was to identify the factors that affect the engagement of the employees in Small Medium and Micro Enterprises (SMMEs) in Buffalo City.

The quantitative data gathering was conducted in the form of questionnaires accompanied by a covering letter and was distributed amongst the SMMEs in the Buffalo City Area. The companies selected were those that had been operational for longer than four years with an employee complement of more than five.

Employee engagement is given different definitions by different authors. The Kenexa Work Trends Report, (2012 cited by Bhuvanaiah and Raya) explain employee engagement as the extent to which employees are motivated to contribute to organisational success and are willingly applying their efforts to accomplish the organisational goals (Bhuvanaiah and Raya 2014:65). Dubrin says that engagement is the employee’s commitment and willingness to stay in the company they work for and to deliver beyond what is expected of them (Dubrin 2013: 205).

The variables identified in literature that affect employee engagement are: Nature of continuous learning, Revenue transparency, Employee value proposition, Job satisfaction, Leadership style, Equitable rewards, Supportive colleagues, Supportive working conditions, Compensation and job security and Policies and procedures.

The study proved that different variables cannot be looked at in isolation by the SMMEs. This is because the study showed some form of dependency, which was weak, moderate or strong, that existed in these variables. The research proved a weak relationship exists between working conditions and leadership management. A moderate relationship existed between: Continuous learning and Leadership style, Leadership style and Revenue transparency, Working conditions and Continuous improvement, Job security and Leadership style, Leader and Management, Working conditions and Revenue transparency A strong relationship was seen to exist between Continuous learning and Revenue Transparency. A strong relationship also exists between Continuous learning and Management innovation and leadership and revenue transparency.

The final recommendations provide the SMMEs in the Buffalo City Municipality with the opportunity to take their businesses from good to great.
ACKNOWLEDGEMENTS

Acknowledgement from the bottom of my heart is highly deserved by the following people for their contribution and support towards the success of this research.

I would like to acknowledge my family for the support they have given me throughout the MBA journey. My husband has been supportive and understanding and looked after my children. My mother has shown unconditional love both to me and my kids, and was a mother to my three boys when I was busy with my studies. My aunts, especially Sisana, thanks for the encouragement they have given me. My cousin Busi and my friend Vuyo assisted me with the data collection.

Appreciation also goes to my Supervisor, Dr Weimann, for the guidance and support he has given me in making this treatise possible.

To Mrs Lee Kemp who assisted me with proof reading and editing your kindness and support does not go unnoticed.

Much appreciation goes to Dr Pietersen for the assistance he has given with statistical analysis of the data.

To the Managers and Supervisors that allowed me access to their work places, your kindness is much appreciated.

Lastly, to my group members, if it wasn’t for your encouragement and support, the MBA journey would not have been as interesting as it was.
DECLARATION BY CANDIDATE

NAME: BULELWA NDILEKA MLAKALAKA

STUDENT NUMBER: S210227370

QUALIFICATION: MASTER OF BUSINESS ADMINISTRATION

TITLE OF PROJECT: EMPLOYEE ENGAGEMENT IN SMALL MEDIUM MICRO ENTERPRISE IN THE BUFFALO CITY MUNICIPALITY

i. DECLARATION:

In accordance with Rule G5.6.3, I hereby declare that the above-mentioned treatise/ dissertation/ thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

SIGNATURE: DATE: 7 March 2017
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>i</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>ii</td>
</tr>
<tr>
<td>DECLARATION</td>
<td>iii</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>v</td>
</tr>
<tr>
<td>REFERENCE LIST</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF ANNEXURES</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>viii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
</tbody>
</table>
# Table of Contents

## Chapter 1  Introduction, Problem Statement and Scope of Study

1.1 Introduction .................................................. 1
1.2 Problem Statement ............................................. 1
1.3 Importance of Solving the Problem ...................... 2
  1.3.1 What are the threats if the problem is not addressed? 3
  1.3.2 What are benefits/opportunities if addressed? ........ 3
  1.3.3 Causes of the problem ................................... 4
1.4 Management Questions ...................................... 5
  1.4.1 Why is it a management issue? ......................... 5
  1.4.2 What is the management not doing to solve the problem? 5
1.5. Background to the Problem ............................... 5
1.6 Research Objectives ......................................... 8
  1.6.1 Primary Objectives ...................................... 8
  1.6.2 Hypothesis Testing ...................................... 9
  1.6.3 Secondary Objectives ................................... 9
1.7 Conceptual Development .................................... 9
  1.7.1 Sampling Design ....................................... 10
  1.7.2 Data Analysis .......................................... 11
1.8 Limitations of the Research ............................... 12
1.9 Conclusion .................................................... 12

## Chapter 2  Literature Review

2.1 Introduction .................................................. 14
2.2 Overview of Small Medium Enterprises .................. 14
2.3 Meaning of Employee Engagement ....................... 15
2.4 Employee Engagement Maintenance ..................... 19
2.5 Productivity and Employee Engagement ................. 20
2.6 The Role of Human Resource and Employee Engagement 21
2.7 Employee Engagement as Perceived by the Employees 22
2.8 Building Employee Engagement through Leadership .... 23
2.9 Strategic Leadership and Employee Engagement ....... 24
2.10 Democratic and Transformational Leadership ......... 25
2.11 Innovation and Employee Engagement ................. 26
2.12 Competitive Advantage and Employee Engagement ... 27
2.13 Motivation and Employee Engagement ................ 28
2.14 Customer Engagement and Employee Engagement .... 30
2.15 Working Conditions and Employee Engagement ....... 31
2.16 Culture of the Organisation ............................. 34
(TABLE OF CONTENT CONTINUE)

2.17 HUMAN RESOURCES MANAGEMENT AND EMPLOYEE ENGAGEMENT 35
2.18 CONCLUSION 37

CHAPTER 3 RESEARCH METHODOLOGY
3.1 INTRODUCTION 38
3.2 RESEARCH TYPE 39
3.3 VALIDITY AND RELIABILITY 40
3.4 RESEARCH DESIGN 41
3.5 POPULATION OF THE STUDY 42
3.6 SAMPLING DESIGN 43
3.7 DATA COLLECTION METHOD 44
    3.7.1 Questionnaire 44
    3.7.2 Questionnaire Distribution 45
3.8 DATA ANALYSIS 46
3.9 ETHICS CONSIDERATIONS 49
3.10 CONCLUSION 49

CHAPTER 4 EMPIRICAL RESULTS
4.1 INTRODUCTION 50
4.2 ANALYSIS AND PRESENTATION OF BIOGRAPHICAL DATA 51
4.3 ANALYSIS AND PRESENTATION OF SECTION B 54
    4.3.1 Continuous Improvement Results 54
    4.3.2 Leadership-Style Results 56
    4.3.3 Leadership and Management Results 57
    4.3.4 Working Conditions Results 59
    4.3.5 Revenue Transparency Results 60
    4.3.6 Management and Innovation Results 61
    4.3.7 Working Conditions and Policies Results 63
    4.3.8 Supportive Colleagues Results 64
    4.3.9 Job Security Results 66
    4.3.10 Job Satisfaction Results 67
    4.3.11 Employee Value Proposition Results 68
4.4 VALIDITY AND RELIABILITY 69
    4.4.1 Box & whisker plots showing the distribution of the factors 70
    4.4.2 Reliability 71
    4.4.3 Cronbach’s alpha results 71
4.5 DESCRIPTIVE STATISTICS VARIABLE RESPONSES 73
4.6 COHEN’S D MEAN SCORES ON YEARS IN COMPANY 73
4.7 HYPOTHESIS TESTING 74
    4.7.1 Gender in comparisons in terms of the mean scores 74
    4.7.2 Hypothesis analysis between variables 75
4.8 CONCLUDING REMARKS 79
# CHAPTER 5  
## CONCLUSIONS AND RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 INTRODUCTION</td>
<td>80</td>
</tr>
<tr>
<td>5.2 MAIN CONCLUSIONS</td>
<td>80</td>
</tr>
<tr>
<td>5.2.1 Summary of Relationships between Variables</td>
<td>80</td>
</tr>
<tr>
<td>5.3 THE OUTCOMES OF EMPLOYEE ENGAGEMENT AS RESEARCHED VERSUS LITERATURE REVIEWED TESTING</td>
<td>82</td>
</tr>
<tr>
<td>5.3.1 Employee engagement and supportive colleagues</td>
<td>83</td>
</tr>
<tr>
<td>5.3.2 Continuous improvement and employee engagement</td>
<td>83</td>
</tr>
<tr>
<td>5.3.3 Employee engagement and leadership</td>
<td>83</td>
</tr>
<tr>
<td>5.3.4 Working conditions and employee engagement</td>
<td>84</td>
</tr>
<tr>
<td>5.4 AREAS OF IMPROVEMENT AS PER THE RESEARCH CONDUCTED</td>
<td>84</td>
</tr>
<tr>
<td>5.4.1 Listening to ideas of employees</td>
<td>85</td>
</tr>
<tr>
<td>5.4.2 Revenue transparency and profitability team discussions</td>
<td>85</td>
</tr>
<tr>
<td>5.4.3 Make employees feel secured in their jobs</td>
<td>86</td>
</tr>
<tr>
<td>5.4.4 Recruit from internal staff for higher position</td>
<td>87</td>
</tr>
<tr>
<td>5.4.5 Work/life balance a concern</td>
<td>87</td>
</tr>
<tr>
<td>5.4.6 Improvement on rewards and recognition of staff</td>
<td>88</td>
</tr>
<tr>
<td>5.4.7 Regular training to take staff to the next level</td>
<td>88</td>
</tr>
<tr>
<td>5.5 OPPORTUNITIES FOR FURTHER RESEARCH</td>
<td>89</td>
</tr>
<tr>
<td>5.6 CONCLUSION</td>
<td>89</td>
</tr>
</tbody>
</table>

## LIST OF ANNEXURES

- ANNEXURE 1: QUESTIONNAIRE MEASURING INSTRUMENT                        | 99   |
- ANNEXURE 2: QUESTIONNAIRE COVER LETTER                                 | 102  |
- ANNEXURE 3: DESCRIPTIVE STATS RESEARCH RESULTS                        | 103  |
- ANNEXURE 4: ETHICS CLEARANCE FORM E                                   | 104  |

## LIST OF ABBREVIATIONS

- SMME:                   SMALL MEDIUM AND MICRO ENTERPRISES
- MBA:                    MASTER IN BUSINESS ADMINISTRATION
- NMMU:                  NELSON MANDELA METROPOLITAN UNIVERSITY
- SALGA:                  SOUTH AFRICAN LOCAL GOVERNMENT
- RBV:                    RESOURCE BASED THEORY
- HPHRP:                  HIGH PERFORMANCE HUMAN RESOURCES PRACTICES
- HRM:                    HUMAN RESOURCES MANAGEMENT
- GROW:                   GOAL SETTING, REALITY, OPTIONS AND WRAP
- LMX:                    LEADER MEMBER EXCHANGE
- 4 Cs:                   COMMITMENT, CULTURE, COMMUNICATION AND COMPENSATION
LIST OF FIGURES

Figure 1.1: The Variables of the Study 10
Figure 2.1: The model of antecedents and consequences of employee engagement 16
Figure 2.2: The model of work engagement 20
Figure 2.3: Emerging model of employee engagement and disengagement 22
Figure 2.4: Customer engagement matrix 30
Figure 2.5: Model of training and resources provided on employee engagement 32
Figure 2.6: Conceptual model underpinning safety climate 33
Figure 2.7: Framework for internal branding 35
Figure 2.8: Talent - management system 36
Figure 3.1: Research Design Method 42
Figure 3.2: Data Collection Process 44
Figure 4.1: Illustration of response rate 50
Figure 4.2: Gender of Respondents 51
Figure 4.3: Age of respondents 51
Figure 4.4: Marital status of respondents 52
Figure 4.5: Ethnic group of respondents 52
Figure 4.6: Position of respondents in the SMME 53
Figure 4.7: Work years' experience of respondents 53
Figure 4.8: Education level of respondents 54
Figure 4.9: Responses to Continuous improvement 55
Figure 4.10: Leadership Style responses 56
Figure 4.11: Leadership and Management responses 58
Figure 4.12: Working Conditions responses 59
Figure 4.13: Revenue Transparency responses 60
Figure 4.14: Management of Innovation responses 62
Figure 4.15: Working Conditions and Policies responses 63
Figure 4.16: Supportive Colleagues responses 65
Figure 4.17: Job Security responses 66
Figure 4.18: Job Satisfaction responses 68
Figure 4.19: Employee Value Proposition responses 69
Figure 4.20: Box & Whisker Plots 70

LIST OF TABLES

Table 2.1 Employee Engagement Levels - comparisons between Botswana, Nigeria and South Africa 16
Table 3.1 Positivist versus Interpretive Paradigms 39
Table 3.2 Checklist for elimination of questions on questionnaire 41
Table 3.3 Sampling methods and statistical analysis methods 47
Table 4.1 Cronbach’s alpha results 72
Table 4.2 Descriptive statistics of research variables 73
(TABLE OF CONTENT CONTINUE)
Table 4.3 Cohen's d grouping on Years in Company 74
Table 4.4 Gender means scores comparisons 75
Table 4.5 Correlations amongst the factors 76
CHAPTER 1
INTRODUCTION, PROBLEM STATEMENT AND SCOPE OF STUDY

1.1 INTRODUCTION

The focus of this research is to identify the factors that affect the engagement of the employees in Small Medium and Micro Enterprises (SMMEs). There have been a number of Government initiatives focused on assisting the growth of the SMME. The initiatives promoted by the Government to assist small medium enterprises include: the Ntsika Enterprise Promotion Agency and Khula Enterprise by standing as security on behalf of small businesses to commercial banks and offering loans through partner intermediaries (The Banking Association of South Africa 2015)

However, despite government’s commitment to growing and supporting the country’s SMMEs, these firms continue to face a hostile business environment, including a lack of skilled staff, heavy regulations, tough local economic conditions, lack of finance and the high costs associated with employing staff (The Banking Association of South Africa 2015). The small medium enterprises tend to reach the decline stage after two or three years. Employees and leadership have been identified as playing a crucial role in the success and sustainability of the businesses (Hewett 2015:1)

According to the South African Local Government Association (SALGA) , Buffalo City is said to be the 2nd largest economy in the Eastern Cape with a Gross value add of R29.7 Billion towards the Eastern Cape after the Nelson Mandela Metro (Gross Value Add of R40 Billion) in 2009 (BCM 2015)

1.2 PROBLEM STATEMENT

The SMMEs tend not to continue beyond the two year period. SMMEs focus more on the moneymaking side of the business, neglecting the management of the Human Resource component. Human resources do not perform optimally when not treated well. This may result in the downfall of the business. Nel, Kirsten, Swanepoel, Erasmus and Poisant argue that South African Economic and political situation underwent drastic changes which spilled over into the workplace and influenced the em-
Employment relations to the extent that success of the organisations may be compromised (Nel et al. 2008:25) Entrepreneurs risk their financial resources in starting a business. In order to protect their resource some entrepreneurs can be ruthless, thereby neglecting the stakeholders, Robert regards entrepreneurs as poor team players who view employees as a means to an end (Robert 2000:2). Employees form part of the stakeholders in SMMEs. Entrepreneurs often do not have a dedicated Human Resources Manager and this may often result in the failure of duties which would normally fall within the role and responsibility of the Human Resources Manager. Employee engagement is important for an inspired workforce and a lack of employee engagement can serve as a threat to the success and sustainability of the business. The challenge is that the employee engagement in the SMME environment is often not a focal point as the focus is more on generating revenue and making profits.

1.3 IMPORTANCE OF SOLVING THE PROBLEM

It is important for the challenges currently facing the small are medium enterprises to be solved because, if not these are not solved, they will affect the economic growth of the country. The SMMEs have been identified as a source of economic growth by the South African government (The Banking Association of South Africa 2015). Researchers have made estimations that small business enterprises provide for 91% of formalised business, 60% of employment and 34% of the gross domestic product (The Banking Association of South Africa 2015). It is important for any problems or challenges experienced by SMMEs to be solved as 91% is a significant contribution. Given the high unemployment rate in South Africa, and with the SMME sector contributing 60% towards employment, employment will be compromised if SMMEs do not succeed. Thus, failure of the SMMEs will mean an increase of 60% in unemployment, which will be disastrous for the South African economy that is already under pressure. It is important for the employee engagement problems to be resolved as it is not only a threat to some SMMEs but is a threat to the economy of the country as a whole.
1.3.1 What are the threats if the problem is not addressed?

The threat if the problem is not addressed is that the entrepreneurs will lose out on the opportunity to grow the businesses due to unhappy or disengaged employees. If the problem is not addressed and SMMEs cease growing, not only the businesses that fall into this category will be impacted. The South African economy as a whole will be negatively impacted. If employees continue not to perform, they will end up frustrated, and this might result in high staff turnover and absenteeism. High absenteeism will result in a further drop in productivity. A productivity drop might result in job dissatisfaction, resulting in poor customer service. Employees will be disengaged and this will negatively affect continuous improvement. The business will not grow and will not be in a financial position to pay the employees. The circle will start again, with employees not being happy with the salary and employee benefits cut. It is important that there should be a greater focus on the engagement of the employees.

According to the Buffalo City Municipality website, the City acknowledges that low economic growth and a high rate of unemployment are still prevalent and present a major challenge (BCM 2015). This further translates into relatively high levels of poverty, which are widespread within the City. This trend will continue should the challenge of non-performance of SMMEs not be solved or mitigated.

The Buffalo City Municipality website also highlights the fact that high levels of poverty are apparent in the statistics from last Census, where approximately 70% of households in the City indicated an income of less than R1500 per month, with 28% of all households indicating no income at all. The unemployment rate in the Buffalo City Metro is estimated to be about 24% (BCM 2015). The latter figures are proof that the stepping up of the SMMEs’ performances is of critical importance for the Buffalo City area (BCM 2015).

1.3.2 What are benefits/opportunities if addressed?

If the factors that affect employee engagement in SMMEs can be identified, this will identify what SMMEs can focus on. There will be potential growth benefits that will be experienced by the struggling companies. Robbins, Timothy, Odendaal and Gert
(2009:157), came up with the Expectancy Theory that argues that employees will exert a greater effort if they believe that their performance is related to the rewards and will bring them satisfaction (Robbins et al. 2009:157).

Motivated employees give good service to the customers. This means if employees are happy and are positively recognised for their efforts, they will give good service to the customer.

Good service will mean more customers referring their family members to come and support the SMMEs. Highly motivated employees will also mean less work for managers where they will not have to manage human relations issues, but rather focus on growing the business. Motivated customers will mean growth opportunities for the enterprise, with more customers coming in to support the enterprise, resulting in the achievement of sustainable growth. This will impact on the overall economic growth of the country.

1.3.3 Causes of the problem

Potential causes of the problem could first be the outcome of frequent employee changes. The high turnover could be as a result of employees’ disengagement as stated by Hewett (2013:6). Rewards and remuneration are regarded as one of the driving forces of employee engagement (Grobler, Bothma, Brewster, Carey, Holland and Warnich 2012:281). This means if the employees are not happy with their rewards they will be disengaged. The discontent with the reward could result in dissatisfaction about the job as a well.

The management style of the leader could also influence productivity. Leaders are said to be the great influencers of the employees. The challenge facing entrepreneurs is that they do not have a dedicated human resources manager; therefore at times they might tend to neglect the human resources management side of employees. A lack of guidance, lack of training, boredom or lack of opportunities could result in dissatisfied employees. Demotivated employees usually give poor service. If customers do not receive the service they feel they deserve, the chances of them coming back are very slim. This could result in greater non-productivity of the enterprise,
meaning that the enterprise will be unable to remunerate employees with the reciprocal effect of more disengaged employees.

1.4 MANAGEMENT QUESTIONS

1.4.1 Why is it a management issue?

Growth and success of the business is a management responsibility. It is the role of management to ensure that all the resources in the organisation are managed effectively and this includes the human resources. Management is further responsible to ensure that the investors are getting a good return on their investment. This is where it is said managers need to drive the number of engaged employees to boost motivation (Gallup 2013:67).

1.4.2 What is management not doing to solve the problem?

Management first needs to find the root cause of the problem. After having found the cause, management should then come up with counter-measures on how to address the problem. Management at this stage appears to lack the skill to identify the causes. This might be due to the lack of capacity that management has, because the SMMEs usually have only one manager or leader. Another challenge could be that the managers or owners lack the skills and knowledge to manage their human resources effectively.

1.5 BACKGROUND TO THE PROBLEM

Ipaté and Parvu (2014) discuss factors that influence the success of entrepreneurs. These are: government regulations such as labour laws, taxation, the level of hierarchy, public perception and the support of entrepreneurs. The other factors that influence the support of entrepreneurs are: the educational system, which is about developing entrepreneurs’ skills education, the financial support that is supposed to be given to newly established entrepreneurs and nonfinancial support provided to support entrepreneurs, is also at fault (Ipaté and Parvu 2014:6). Lighelm (2011) con-
cluded that small businesses that survive have a clear and positively motivated business intention and the business owners have intentions to achieve the desired outcome (Lighelm 2011:172). Lighelm affirms further that the human factor and motivation dictate the survival and growth potential of the enterprise.

Robbins et al. (2009: 80) suggest that there is a relationship between job satisfaction and job performance. Further relationships are said to exist between job satisfaction and customer satisfaction (Robbins et al. 2009: 80). Secara (2014:322) discusses ways that employers can maintain employee engagement. These are: the sharing of a unitary vision, employees being encouraged to openly influence the vision and managers who continuously show employees that their contribution is valuable.

The role played by leaders in employee engagement is discussed by Hewett (2013:10) where it is argued that due to the competitiveness of the global market it is a pre-requisite for leaders to have a passion for their job to be able to influence employees’ attitudes and excite employees. The importance of managements’ role is further confirmed by Robbins et al. where it is said managers should be interested in the attitudes of their employees as employee attitudes can be early warning signs of potential problem (Robbins et al. 2009:20). This proves that, for the creation of an environment for optimal performance, managers must lead with passion and enthusiasm. Managers are said to have the ability to influence job satisfaction through “mentally challenging work, equitable rewards, supportive working conditions and supportive colleagues” (Robbins et al. 2009:20). Claudel and Casse confirm the role played by the leader in influencing the attitude of the employee, where they say leaders with ethics are those that put the interests of the organisations before their own interests (Claudel and Casse 2012:22).

In putting an emphasis on the role played by management, it is said that leaders play a crucial role in unlocking the potential of the employees so that they can reach their highest potential (Hewett 2015:8). Leadership styles are further discussed with comparisons between the Traits-based approach, a Behavioural based approach and a Situational based approach. The latter approach is the most suitable one for SMMEs, as it is has a flexible approach that says employees are different and should not be treated the same (Grobler et al. 2012:79). The outcomes of engaged employees, as discussed by Hewett (2013), are that employees will be loyal to the
organisation they work for, employees will be committed to staying in the company and employees will make use of their highest optimal performance to ensure company growth (Hewett 2013:15).

SMMEs are faced with a number of challenges. These include, but are not limited to:

- The lack of management skills and inadequately skilled labour.
- The challenge of finance and obtaining credit.
- The lack of access to markets and development of relationships with customer.
- The lack of recognition by large companies and government bureaucracy.
- The lack of knowledge and support for the role that SMMES play in economic development.
- The imposed Regulatory compliance and changing regulations (The Banking Association of South Africa 2015)

The crucial role played by the leader or manager towards employee engagement is also confirmed by Secara (2014) where he highlights the factors that drive engagement as the relationships and trust that the employees have with their leaders and the pride that they have toward the company they work for (Secara 2014:321). He further argues about the characteristics of engaged staff which are: employees that are enthusiastic in their work, employees that are motivated by their leaders, employees that are given freedom to fulfill their task and employees that have self-confidence to achieve (Secara 2014:320). The positive impact that successful employee engagement has on the staff is also confirmed by Sarangi and Sushma, who argue that employee engagement is considered as the solution for organisational success as engaged employees are enthusiastic and committed to their organisation (Sarangi and Sushma 2012:13).

Hewett’s research findings were generally that 40% of the employees are disengaged (Hewett 2013:14). Hewett suggests that employee engagement is the best indicator of the growth and stability within a company. This is because the less engaged employees are those that are more likely to leave the company. Hewett’s key finding in research on the engagement levels of employees was that salaries are one
of the driving forces of engagement. This finding is said to have an overall impact on the reward strategies (Hewett 2013:16)

In striving to stay competitive, from time to time organisations are required to implement new processes and procedures. Aiming to stay competitive and being ahead of the competitor, motivates organisations to undergo change management (Kotter 2011:5). Usually employees support change management when they know what is in it for them. Kotter further states that the elements that are important in the change management process are recognition and reward (Kotter 2011:5). The challenge with regard to the latter is that it is not sustainable to motivate employees through rewards and recognition as these are short-lived. This is what Boverie, Grassberger and Victor (2013) refer to as extrinsic motivation. However, Boverie et al. say that although extrinsic motivation is important, hiring the right people for the job is also important so as to make sure that people do what they love to do (Boverie et al. 2013: 390).

1.6. RESEARCH OBJECTIVES

1.6.1 Primary Objectives

The primary objective of the study was to identify factors that affect employee engagement in the small businesses sector in Buffalo City Municipality Area. The relationship between variables was tested in order to understand the impact each variable has on employee engagement. Variables identified were measured using hypothesis testing. Hypothesis tests are said to be propositions that are measured against the empirical evidence (Collis and Hussey 2009:201). The hypothesis tests are stated such that they are mutually exclusive of each other.

- Relationship between revenue transparency and continuous learning,
- Relationship between continuous learning and leadership style
- Relationship between leadership style and working conditions.
- Relationships between management of innovation and other variables.
- Relationships between employee value proposition and leadership style.
• Relationships between job satisfaction and continuous learning
• Relationships between job security and leadership style
• Relationship between working conditions and continuous improvement

The outcomes of the above relationships, based on hypothesis testing, will be discussed in Chapter 5. Hypothesis testing is discussed next.

1.6.2 Hypothesis Testing

Hypothesis testing is an inferential statistical process of testing the validity of the sample claim. This is to test if the claim made about the sample is representative of the population (Wegner 2012:187). Hypothesis testing is in the form of testing two statements that are mutually exclusive to each other to determine which statement best describes the population (Collis and Hussey 2009:201). The variables identified through the literature review on employee engagement were used to draw the hypotheses statements.

1.6.3 Secondary Objectives

The secondary objective of the research was to arrive at a final recommendation in respect of the factors that influence employee engagement of the employees within the SMMEs

1.7 CONCEPTUAL DEVELOPMENT

Figure 1.1 below represents a model constructed from literature reviewed

Figure 1.1 shows the researchers’ own construction based on the literature reviewed. The research design was constructed through conducting a literature review of journals, articles and books. Based on the literature reviewed, the dependent variable was identified as Employee Engagement. The variables that affect employee engagement are: Nature of continuous learning, Revenue transparency, Employee value proposition, Job satisfaction, Leadership style, Equitable rewards, Supportive
colleagues, Supportive working conditions, Compensation and Job security and Policies and procedures.

**FIGURE 1.1:** The Variables of the Study

![Diagram showing the variables of the study including Supportive Colleagues, Working Conditions Policies, Leadership Style, Dependent Variable - Employee engagement, Revenue Transparency, Employee Value Proposition, Job Satisfaction, and Job Security.](image)

(Source: Author’s own construction)

The research approach followed in this research is that of positivism. A paradigm is the philosophical framework that guides how research should be conducted (Collis and Hussey 2009:43). The positivistic paradigm favoured in this study assumes that reality is independent of human behaviour, therefore theories must be drawn up based on observation and experiments (Collis and Hussey 2009:43). As positivism believes in observation and experiments as a direction to follow in depicting a theory, positivism is associated with quantitative methods and examination based on statistical analysis (Collis and Hussey 2009: 44).

1.7.1 Sampling Design

Questionnaires were drawn up to investigate the factors that affect employee engagement and were distributed amongst the employees of SMMEs around the Buffalo City Municipality Area. The selection of respondents took the form of convenience sampling based on exploratory quantitative techniques. This is a judgemental sampling technique (Collis and Hussey 2009:132). The questions were drafted in the form of a rating scale with five choices that respondents could choose from, ranging
from strongly agree to strongly disagree. The advantage of a rating scale is that it provides economical use of space and makes it easy for respondents to complete the questionnaire (Collis and Hussey 2009:216). The questionnaire was divided into two sections. The first section related to the demographics of the sample. The second section was a set of questions that were meant to investigate the current situation.

There were three criteria used in the selection of the SMMEs for inclusion in the sample. The first criterion was that the business should have been operational for five years, and be based in the Buffalo City Municipality Area. The identity of businesses that were operational in the Buffalo City Municipality was first established through observation, then the Yellow Pages were used to get the contact details of the SMMEs to secure appointments. In some of the SMMEs face-to-face appointments were made for the collection of completed questionnaires. The advantage of a personal collection of questionnaire is that it increases the number of respondents. The second criterion used to select the SMMEs was that the number of employees should not be less than five. The third criterion was that the supervisor or manager should be willing to allow the researcher on site to distribute the questionnaires. A minimum of seventy questionnaires were hand-delivered to different SMMEs and fifty one completed questionnaires were returned.

Managers and owners were called telephonically, first for permission to distribute and collect questionnaire from the workplace. Respondents were given three days to complete the questionnaires. Options of email, fax and personal collection had been granted as a form of returning the completed questionnaire. The explanation that the research was purely for the purposes of completing an MBA was shared in a form of a covering letter that was distributed together with the questionnaire and also annotated at the top of the questionnaire. Face-to-face distribution of questionnaires occurred at the workplace of the respondents, with envelopes issued to those who opted for the personal collection of completed questionnaires. These were the envelopes that respondents used to seal their completed questionnaires so as to ensure confidentiality.
1.7.2 Data Analysis

After the collection of the questionnaires, data was captured on a spreadsheet in the form of coding in order to enable the production of Descriptive Statistics and an Inferential Analysis of the results. The analysis was conducted in order to identify the factors that influence employee engagement in the SMMEs in Buffalo City Municipality.

Descriptive statistics were used to conduct the statistical analysis of the data for the final conclusion of the research. The reliability testing of the data was conducted by the use of Cronbach’s alpha. Reliability testing evaluated consistency and also to show whether the same results will be realised should the same research be conducted by another researcher (Collis and Hussey 2009:274).

1.8 LIMITATIONS OF THE RESEARCH

As the research was limited only to the Buffalo City Municipality area, the findings cannot be generalised to represent the view of the SMME population in South Africa. The research does, however, give an in-depth understanding of employee engagement in an SMME.

Due to the fact that the research focused on businesses that were operational at the time of the research the reasons for failure of those businesses that have failed could not be identified.

1.9 CONCLUSION

This chapter introduced the concept of employee engagement in Small Medium and Micro Enterprises. The problem statement was introduced. The reasons for the importance of this research were discussed through the identification of the threats, benefits and the causes of the challenges facing employee engagement. The reasons why this is a management issue were stated in this chapter. The literature review conducted resulted in the development of the conceptual framework with prima-
ry and secondary objectives identified. The chapter concluded with a discussion on the limitation of the research.
CHAPTER 2
LITERATURE REVIEW

2.1 INTRODUCTION

The previous chapter introduced the concept of employee engagement and the variables that influence employee engagement. The problem with the existing literature is that there is limited literature identifying the factors that influence the engagement of employees in SMMEs, specifically in the Buffalo City Area.

This second chapter will explore and critically analyse some research work on employee engagement and factors that influence it. Secondary sources that exist on the employee engagement topic are sourced with the aim of identifying what other authors are saying about employee engagement. The focus of this chapter will also be an exploration of factors that have been identified as influencing employee engagement.

2.2 OVERVIEW OF SMALL MEDIUM ENTERPRISES

SMMEs are challenged as they have, at times, to compete with industries that are established with a solid financial base. Ipate and Parvu (2014:250) suggested factors that influence the success of the entrepreneurs to be: government regulations such as labour laws and taxation, public perception and support of entrepreneurs, the educational system and financial support. Lighelm (2011:165) maintained that small businesses that survive, have a clear and positively motivated business intention and such business owners have intentions to achieve the desired outcome. Lighelm affirms that human factors such as motivation determine the survival and growth potential of the SMMEs.

Leadership and management play a critical role in guiding a business in the right direction. This is the same with SMMEs and this argument is supported by Markos and Sridevi where they argue that every part of the human resources management structure needs to be managed appropriately and if human resources managers fail to engage in their jobs the employees feel they are mismanaged (Markos and Sridevi 2010:1). It is concerning that Matlay argues that the results that emerged from a
study he conducted demonstrated that business owners of micro-businesses tend to exhibit highly informal management styles and employee relations also appear to follow informal styles (Matlay 1999:291). Such an informal management style is a concern as Matlay further says that an informal management style can be a threat to the business success as there are high chances that there is an absence of strategic management when the informal management style is followed (Matlay 1999:291).

 Strategic management is a topic that is discussed and researched by a number of writers, including Grobler et al., where they argue that strategic management involves a process of the reconstruction of the structures that deal with enterprise renewal or revival and growth (Grobler et al. 2013:90). Nel, et al. (2008:258) earlier had a similar position with Grobler et al. (2013:90), where their stand is that strategic management is more about aligning the organisation’s internal environment with the external environment. Nel et al.(2008:258) further say that strategic management is an ongoing process. Realignment has to take place to restore balance and to stay relevant as consumer preferences change over time (Nel et al. 2008:258).

2.3 MEANING OF EMPLOYEE ENGAGEMENT

Employee engagement has become a popular term and area of interest in both academic and business circles. Employee engagement is given different definitions by different authors. The Kenexa Work Trends Report (2012), cited by Bhuvanaiah and Raya (2014:65), explains engagement as the extent to which employees are motivated to contribute to organisational success and willingly applying their efforts to accomplish organisational goals. It is clear from these authors that engagement has an overall impact on the output of the employee (Bhuvanaiah and Raya 2014:65). They maintain that during the process of engagement, employees get motivated either by internal motivation or by external motivation (Bhuvanaiah and Raya 2014: 65).

Dubrin (2013:205) states that engagement is the employees’ commitment and willingness to stay in the company they work for and to deliver beyond what is expected of them. Hewett (2015:9) defines engagement as the emotional condition that ultimately leads to better performance. It is clear that employee engagement is about
employees committed to doing their job (Hewitt 2015:9). Dubrin (2013:205) argues further that the key link is between leadership, motivation, coaching and employee engagement (2013:205). Employee engagement varies from region to region. Table 2.1 below shows 91% of South African workforce to be disengaged (Gallup 2013:55).

**Table 2.1: Employee Engagement Level - comparisons between Botswana, Nigeria and South Africa**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>ENGAGED</th>
<th>NOT ENGAGED</th>
<th>ACTIVELY DISENGAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>12%</td>
<td>65%</td>
<td>23%</td>
</tr>
<tr>
<td>Botswana</td>
<td>10%</td>
<td>52%</td>
<td>38%</td>
</tr>
<tr>
<td>South Africa</td>
<td>9%</td>
<td>46%</td>
<td>45%</td>
</tr>
</tbody>
</table>

(Source: Gallup 2013:55)

Figure 2.1 below shows Saks’ model (2006) of the antecedents and consequences of employee engagement. Saks argues that engaged employees tend to have good relationships with their employers, resulting in employees having a positive attitude and good behaviour (Saks 2006:613).

**Figure 2.1: The model of antecedents and consequences of employee engagement**

(Source: Saks 2006:598)

According to the model of antecedents and consequences of employee engagement that Saks has derived, Saks concludes that there is a difference between job and organisational engagement. The organisational support that is given to the employees will determine the level of both job engagement and organisational engagement. Job characteristics predict job engagement; and procedural justice predicts organisation-
al engagement. Lastly, job and organisational engagement determine the relationships between the antecedents and job satisfaction, organisational commitment, intention to quit, and organisational citizenship behaviour (Saks 2006:604).

Schumacher (2015:42) suggests that it is important for one to understand how the engagement of employees is derived. He highlights the trust that operates both ways between employer and employees, because without trust there will be no engagement. Secondly, for engagement to happen ‘the will and the skill’ have to be present (Schumacher 2015:42). This means the employees must be trained to do their jobs and be motivated. Other highlighted variables are transparency, feedback, coaching, adequate rewards and recognition (Schumacher 2015:42).

Bhuvanaiah and Raya (2014:69) have quoted different writers on the definition of employee engagement. Mone and London (2010:67) are cited by Bhuvanaiah and Raya as describing engaged employees as employees who portray commitment and passion towards their work. Kerstin et al. as (cited by Bhuvanaiah and Raya 2014:69) explain employee engagement as a positive contributor towards employees willingly contributing intellectual efforts, experiencing positive emotions and meaningful connections to each other (cited by Bhuvanaiah and Raya 2014:69). Bhuvanaiah and Raya further discuss three different aspects of employee engagement. These are viewed as Job Satisfaction, Organisational Commitment and Organisational Citizenship Behaviour (Bhuvanaiah and Raya 2014:69).

The organisational behaviour study is taken further by Ployhart (2013:341) where he comes up with the concept of uniting the organisational behaviour and strategic human capital resources into a new concept called STROBE: Strategic Organisational Behaviour (2013:341). According to Ployhart the focus on both organisational behaviour and strategic human resources will assist in identifying the firms’ competitive advantage (2013:342). Lee says that it is common practice for organisations to cut human resources during cost-cutting exercises and this is the same for small businesses, because salaries and compensation are the single largest expenditure for small businesses (2009:17). Lee advises that employees should be notified months in advance, should human resources cutting be inevitable (2009:17).

Hewett defines engagement as the emotional condition that ultimately leads to better performance (2015:3). Hewett’s Engagement Model of engagement and organisa-
tional benefits saw Hewett (2015) come up with the following outcomes: Say, Stay, and Strive.

Hewett views engaged employees in the following way:

- **Say** - speak positively about the organisation to co-workers, potential employees, and customers. This is what employees say about their organisation.

- **Stay** - have an intense sense of belonging and a desire to be a part of the organisation and the employees are not thinking about leaving the organisation.

- **Strive** - are motivated and exert effort toward success in their jobs (Hewett 2015:3).

Hewett further identifies three of the top engagement drivers as career opportunities, reputation, and pay (Hewett 2015: 24), while Davies and Crane (2010:131) conclude that there are two primary drivers of employee engagement, and these are the selection of the right employees and the socialisation of employees to the right values. The selection and the socialisation of the employees involve the recruitment process during hiring as well as the socialisation involved in the training of employees after the recruitment process has been completed. Grobler et al. (2013) discuss two approaches that are associated with the long-term development of human resources. These are firstly, the Human Capital Theory, which regards the employees as key assets in the organisation, who can increase and sustain productivity. The second theory is the Resource Based Theory (RBV), that argues that human resources can be retained by development through human resources development strategies (Grobler et al. 2013: 154), RBV theory argues that organisations should use their human resources as part of the bundle that will put them above the industry average in order to create for themselves a competitive advantage (Grobler et al. 2013: 36)

The Blessing White Organisation, quoted by Bhuvanaiah and Raya (2014:67), developed a model of five levels of engagement with reference to the level of individual contribution. The first level is that of engaged employees, who are regarded as the most productive and the happiest employees. The almost engaged are reasonably productive and are content in their jobs. The third level is that of the honey-mooners. They are highly satisfied with the organisation but there is a low level of contribution to the organisation. The fourth level is referred to as the crash burners. These employees are not happy with their personal success, but are highly productive and
have contributed to the success of the organisation. The fifth level is composed of the disengaged employees. These employees are said to be highly discontented and negative (Bhuvanaiah and Raya 2014: 67).

2.4 EMPLOYEE ENGAGEMENT MAINTENANCE

Secara (2014:318) develops ways in which employers can maintain employee engagement. These are as follows: the sharing of a unitary vision, employees to be encouraged to openly influence the vision and managers to continuously show employees that their contribution is valuable. Altunel, Kocak and Cankir’s suggestion for work engagement is for job resources such as social support, coaching and opportunity for personal development to be enhanced for the development of work engagement (Altunel et al. 2015:409)

Dubrin (2013) maintains that leaders must make effective use of expectancy theory, recognition, coaching, goal-setting and equity theory to motivate employees (Dubrin 2013: 203). This is where, according to Dubrin, expectancy theory argues that the motivation of the employees is based on the reward they expect in return for their efforts (2013: 206). This means there is a positive relationship between the employee motivation level and the expected returns, whilst the goal-setting theory, according to Dubrin, is based on the finding that individuals who set difficult goals perform better than those that are given easy goals. However, Dubrin also highlights that, for the goal-setting theory to succeed, individuals need to accept the goals and be provided with regular feedback (2013: 211).

Rothmann and Rothmann (2010) argue that employee engagement is positively related to the personal engagement model of Kahn (1990) and the work engagement ideas of Shaufeli and Bakker (2004) (cited in Rothmann and Rothmann 2010:37). The Rothmanns conclude that job resources, including growth opportunities, organisational support and advancement, are positively related to employee engagement (2010:36). Shimazu, Shaufeli, Kawakami and Kamiyama (2014) discuss the differences between work engagement and workaholism, where they argue that workaholism is related to an increase in ill-health and to a decrease in life satisfaction, unlike work engagement that is related to a decrease in ill-health and to increases in
both life satisfaction and job performance (2014:22). This shows that workaholism results in an unhealthy environment which can result in employee disengagement. It is important then, based on Shimazu et al.’s argument, to highlight that being a work-alcoholic is not a healthy condition.

2.5 PRODUCTIVITY AND EMPLOYEE ENGAGEMENT

High productivity of engaged employees is confirmed by Garg, who argues that there is a positive relationship between the availability of high work practice and employee engagement as well as job satisfaction and employee engagement (2015:52). Garg stresses that high-performance work system practitioners must accommodate stress factors. This will help to gain maximum benefits from the performance of employees (Garg 2015:52). Rosso says regular training of staff is important in order to achieve highly engaged employees (2011:21). Rosso also maintains that effective training can increase productivity, reduce staff turnover and motivate employees to exceed what is expected of them (2011:21). Bakker and Demerouti, on the other hand argue that there is a positive relationship between employee engagement and job performance (2008:220).

Figure 2.2: The model of work engagement

Source: (Bakker and Demerouti 2008:221)
Figure 2.2 shows Bakker and Demeroutis’ discussion of four reasons why engaged employees perform better than disengaged employees. The first is that engaged employees experience positive emotions such as gratitude, appreciation and enthusiasm. Secondly, the engaged employees experience better health. Third is the belief that engaged staff create their own job satisfaction and personal resources. Lastly, engaged employees have a positive impact on their environment by transferring engagement to others and that results in a better team performance (Bakker and Demerouti 2008:223).

The model of work engagement shows how engaged employees can create their own personal resources (Bakker and Demerouti 2008:221).

On the basis of the above discussion, this study investigated the positive relationship between Employee Productivity and Employee Engagement.

2.6 THE ROLE OF HUMAN RESOURCES AND EMPLOYEE ENGAGEMENT

The quality of training impacting on employee engagement proves the important role played by Human Resources Management in employee engagement. Grobler et al. argue that human resources management’s role is to build a competitive organisation (2013:5). The argument by Mitchell, Obeidat and Bray (2013) on the role of High Performance Human Resources Practices (HPHRP) proves the competitive advantage role played by human resources. The adoption of HPHRP is based on the perception that human resources practitioners’ strategic roles improve the organisational productivity and performance. However, Mitchell et al. maintain that the level that the Human Resources Practitioner occupies in the organisational structure will determine the level of authority which will eventually determine the success of HPHRP (Mitchell et al. 2013:902). This means that if the human resources personnel are located within the lower structures of the organisation the HPHRP will not be effective as they will have limited authority.

On the basis of the above discussion, this study investigated the positive relationship between the active role played by Human Resources and Employee Engagement.
2.7 EMPLOYEE ENGAGEMENT AS PERCEIVED BY THE EMPLOYEES

The research conducted by Shuck, Rocco, and Carlos came up with three themes that have emerged as requirements for employees to be engaged (2011:312). These are relationship development and attachment to co-workers, workplace motivational climate and opportunities for learning (Shuck et al. 2011:312). Managers’ daily interactions with employees must be about empowering and inspiring employees in order to discover and develop their strengths. This will ensure employees can do what they do best every day (Gallup 2013:17). Gallup also claims that the companies that hold all employees accountable for taking action are mostly found to increase employee engagement (2013:18). Shuck et al.’s findings also highlighted the development of relationships in the workplace as well as the importance of an employee’s direct manager and the managers’ role in shaping organisational culture and the engaged employees’ interpretation of their work. (2011: 312). This view is supported by Gallup with an idea that managers need to find ways to meet employees’ needs and expectations as these influence engagement levels (2013:10). Gallup further highlights the importance of managers to be aware of the factors relevant to engagement amongst their workers as people are different (2013:10)

Figure 2.3 below depicts an emerging model of employee engagement and disengagement.

**Figure 2.3: Emerging model of employee engagement and disengagement**

The aspects of engagement and disengagement are reflected in the model presented by Shuck et al. Figure 2.3 shows the model that is composed of two parts or ele-
ments, the environment and the person. The environment involves the intangible elements like the climate that the employees are working under and the space. The employees are regarded as having internal characteristics and external characteristics. These are the reflection of their emotions, the family and other issues.

When the two elements, that is personal and the environment, meet, they will either be positive or negative. When they are positive an engaged employee will be the outcome and when they are negative a disengaged employee will be outcome (Shuck et al. 2011: 314). This shows that the engagement and the disengagement of the employees are created by both the employees and the environment that they are in.

2.8 BUILDING EMPLOYEE ENGAGEMENT THROUGH LEADERSHIP

Clifton (cited in Gallup 2013:5) maintains that hiring good managers and developing the strengths of every employee are the two keys to increasing employee engagement. How employees feel about their jobs starts and ends with how they feel about their direct supervisor (Gallup 2013:77). If employees feel that their supervisor takes an interest in listening to them and recognising them, they are likely to be engaged (Gallup 2013:93). Hewett discovered that creating a culture of engagement starts with leaders (2015:27). Leadership engagement happens when leadership makes engagement an expected way of life through their words and daily actions. Hewett further argues that leaders or managers, who are engaged, energise those around them (2015:27).

An energised workforce is one of the characteristics of engaged employees. Lockwood (2007:4) described one of the characteristics of engaged employee vigour to be a high level of energy and resilience. There are different types of leadership styles. The characteristic of each style differentiates it from the other. Leadership styles and the impact they have on job performance have been an important topic both for academics and business corporates. Cunningham, Salomone and Wielgus (2015: 27) have identified six different types of leadership styles. These are: Coaching, Bureaucratic, Autocratic, Laissez-faire, Strategic and Democratic. Ojokuku et al.
argue that leadership motivation levels will have a direct impact on the level of team members’ motivation towards the execution of their duties, and the motivation levels of the teams will determine whether the organisational goals are achieved (Cunningham et al. 2015: 25).

The role played by the leaders in developing employee engagement is supported by Markos and Sridevi (2010) in the argument that a two-way relationship between employer and employee is proven by employee engagement having a positive impact on organisational performance. Other concepts identified by Markos and Sridevi as having an impact on employee engagement are job satisfaction, employee engagement and organisational performance. (2010:1). The critical role played by leadership in employee engagement is highlighted by Gallup’s argument that maintains that, regardless of regional or cultural differences, managers have a significant influence on employee engagement and well-being and the level of employee engagement, in turn, will have a significant influence on the organisation’s bottom line results (Gallup 2013: 47).

On the basis of the above discussion, this study investigated the crucial role played by Leadership or Management in employee engagement.

2.9 STRATEGIC LEADERSHIP AND EMPLOYEE ENGAGEMENT

Cunningham et al. describe strategic leadership as leadership that enhances the organisation’s competitive advantage and foresees the need to change for continuous improvement (2015:34). Strategic leaders are said to be ‘thinking out of the box’ leaders and strategic leaders possess the following elements of strategic thinking; anticipation, challenge, interpret, decision, alignment and learning (Cunningham et al. 2015:34). Hewett says that one of the strategic ways of making engagement happen is through leadership, as leaders are in an exclusive position to lead by example and embrace the values of human capital and thereby are able to align employees to the mission of the organisation (2015:31).

Secara maintains that the relationship that the employees have with their leaders is one of the factors that drive employee engagement (2014:318). Secara argues fur-
ther that this kind of relationship can inspire the trust that employees have in their leaders and the pride that employees have towards the company they work for (2014: 321). Secara also suggests characteristics of the engaged staff which are: employees who are enthusiastic in their work, employees who are motivated by their leaders, employees who are given freedom to fulfil their task and employees who have self-confidence to achieve (2014:322). The positive impact that employee engagement has towards staff is also confirmed by Sarangi & Sushma (2012:12), who argue that employee engagement is considered as the key to organisational success, as engaged employees are enthusiastic and committed to their organisation.

On the basis of the above discussion, this study investigated the positive relationship between Strategic Leadership and Employee Engagement.

2.10 DEMOCRATIC AND TRANSFORMATIONAL LEADERSHIP

Democratic or transformational leadership motivates employees to do their best at work (Cunningham et al. 2015: 34). There are different types of leadership styles, but organisational culture influences which leadership style will be tolerated (Dubrin 2013:265). Most organisations, where transformational leadership is practised, are diverting towards coaching as a way of managing their employees. Cunningham et al. state that the way to growing human potential and purpose is by means of coaching (Cunningham et al. 2015:31). Coaching is where a manager will ask the ‘coachees’ (usually employees) probing questions so that they can realise their full potential. This is said to be achieved through use of the GROW formula: Goal Setting, Reality, Options and Wrap up (Cunningham et al. 2015: 31).

Givens makes use of the transformational leadership term and describes transformational leadership as positively related to a team member’s perceptions of the leaders’ effectiveness (2008:29). Givens further suggests that where the transformational leadership style is practised, there is usually a high level of staff motivation. Givens (2008:17) continues to argue that followers of transformational leaders report high levels of satisfaction and motivation, which could include increased commitment to the vision and mission articulated by the leader. Other areas where transformational leadership has a positive impact include empowerment, commitment, self-efficacy
beliefs, job satisfaction, trust, and motivation. Givens (2008:17) argues further that transformational leaders usually have organisations with strong cultures and transformational leadership and are usually better than other leaders at providing activities which continue to build culture. This is the reason Givens concludes that transformational leaders provide the leadership style that produces effective organisations.

On the basis of the above discussion, this study investigated the positive relationship between Transformational Leadership style and Employee Engagement.

2.11 INNOVATION AND EMPLOYEE ENGAGEMENT

Awang, Sapie, Hussain, Ishak and Yusof (2014) argue that employee engagement is crucial for the organisation to be innovative and innovation is a necessity for the organisation to be successful (2014:35). Innovation is a well-discussed concept. Zimmerman and Nygaard (2007:11) say that companies need to innovate to reduce costs and to improve customer satisfaction as businesses are continuously put under pressure by their competitors to come up with innovative ideas (Zimmerman and Nygaard 2007:11). Wu (2014) established that innovation means solving the economic problems by improving on existing knowledge. An innovative idea is regarded as innovative only if it can result in the accelerated growth of revenue generation (Wu 2014:61). Innovative ideas give a company a competitive edge over the competitors as the ideas cannot be easily copied (Wu 2014:61). Hawkins states that the western model suggests that the starting point in motivating technology is a vision with creativity, specialisation and individual drive to change the world (2004:185). There is no one model that can be awarded the title of being the best practice for innovation.

Awang et al. (2014) accept that a workplace environment that enables employees to take risks is more likely to generate innovative work behaviour. The environment that is conducive for creative ideas allows employees to use innovation to remain competitive and this could result in the sustainable growth of the organisation (Awang et al. 2014:35). The positive role played by employee creativity in employee engagement is supported by Jing and Baiyin, where their argument is that there is a positive relationship between critical thinking, creativity and the process of engagement
Jing and Baiyin suggest further that employees should be encouraged to challenge their managers rather than just accept what is said to them, for creativity to improve (2015:1228).

Volmer, Spurk and Niessen (2012:457) argue about the two-way positive relationship that needs to exist between the leader and the team member in order for employees to experience greater job autonomy. Volmer et al. further highlight the importance of considering the interplay of both the leader–member relationship and job design issues as a way of increasing the employees' creative work involvement (2012:456). On the basis of the above discussion, this study investigated the positive relationship between Innovative Employees and Employee Engagement.

2.12 COMPETITIVE ADVANTAGE AND EMPLOYEE ENGAGEMENT

Rubach, Jeffrey and McGee (2012) feel that competitive behaviours will represent and provide value to the customers only when they are effective at both cost reduction and competitive pricing, while still offering unique products and services. The findings by Rubach et al. further indicate that small retailers, who adopted a low-cost strategy, were most successful. However, retailers using a combination or value-oriented strategy were also successful. Retailers who had no strategy were the worst performers. Service is also highlighted by Rubach et al. as a weapon to give the small business a competitive edge over competitors (2012:76).

Barney (1991) (cited in Grobler et al. 2013:36), defines competitive advantage as implementing a value creating idea that cannot be easily copied by the competitors and when other firms are unable to duplicate the benefits of such idea in any form (Grobler et al. 2013: 36). Lockwood (2007:3) states that employees, who are more involved in their work, process change and who give creative ideas, are engaged employees. Lockwood further states that engaged employees give the organisation a competitive advantage. Creativity of engaged employees is also confirmed by Bakker and Demerouti where they argue that engaged workers are more creative, productive and are willing to go an extra mile (2008: 220). Gallup’s research further shows that employees who are enlightened about their organisation, stand for and
know what differentiates it from its competitors and tend to be more engaged and they actively support and endorse their company’s products and services, giving the company a competitive edge over its competitors (2013:18).

On the basis of the above discussion, this study investigated the positive relationship between Employee Engagement and the achievement of Competitive Advantage

2.13 MOTIVATION AND EMPLOYEE ENGAGEMENT

Sylvester and Patel (2014:63) argue that motivation and employee engagement are not the same. They state that in order to boost motivational levels in teams, Learning and Development must ensure that employees are enlightened about the objectives of the organisation prior to implementing any reward and recognition programme (Sylvester and Patel 2014: 61). Hitka and Balazova suggest that motivation can be changed depending on whether the human needs or life situations are met (2015: 116). Hitka and Balazo (2015) argue further that motivation is the responsibility of human resources management. The argument is that unified motivational programmes, that can motivate employees, can be created in spite of employee differences in terms of age, gender, seniority and education level. Unified motivational programmes are possible, according to Hitka and Balazo, if they encompass the following factors; basic salary, job security, good team-work, financial rewards and a fair appraisal system (2015: 118).

Manzoor discusses the role played by leadership in motivation and argues that recognition and empowerment play an essential part in enhancing employee motivation towards organisational tasks (2012:10). Manzoor (2012) further feels that employee satisfaction is achieved by appreciation given to the employees for their work done and the recognition given for their input in decision-making. Thus their enthusiasm and motivation towards the accomplishment of tasks increases. (Manzoor 2012:7). This highlights the impact motivation has on the overall input and success of the organisation.

Sylvester and Patel (2014) highlight three key elements of employee engagement:

- Communication, recognition and reward
• Leadership
• Sustainable recognition initiatives.

Communication is where leadership needs to ensure that they communicate their strategic goals to employees so that the latter are made aware of where they fit into the bigger organisational picture. The leadership element is about leadership support from top management, where they need to walk the talk in creating a culture of engagement. The third element according, to Sylvester and Patel (2014:63), is that the leadership and the Human Resources Department need to ensure that the engagement programmes implemented are aligned to the employees’ current needs so that they can have the desired impact in motivating the staff. This is the same argument presented earlier by Markos and Sridevi (2010:8), where in the discussion of the strategies of employee engagement, they refer to eight steps that need to be followed to enable employees to be engaged:

• Engagement motivation must be started on day one.
• It must be supported by the top of the organisation.
• Employee engagement is to be enhanced through two-way communication.
• Leaders must ensure that employees have sufficient resources to do their job.
• Regular feedback must be given to employees.
• Incentives must be aligned to performance.
• The organisation should build a distinct organisational culture.
• Attention should be paid to the top-performing employees.

The dependence of an organisation’s success on job motivation is argued by Mulki, Jaramillo and Pesquera, where job performance is described as the function of the employees’ abilities to do, and to be motivated to do their job (2014: 630). Mulki et al. further maintain that in cases where employees are motivated to do their job, their job performance will be consistent with organisational objectives which will result in the success of the organisation (2014: 630). Bakker, Tims and Derks’ (2012:359) argument on the concept of a work engagement model is that employees, who are engaged, tend to show commitment in their job responsibilities. Engaged employees tend to have enthusiasm, energy and passion for their work. These authors maintain that job and personal resources are the main determinants of employee engagement. Bakker et al. further maintain that engaged employees are more flexible to
change, more productive, and more willing to go the extra mile. Engaged workers proactively change their work environment in order to stay engaged (Bakker et al. 2012:359).

On the basis of the above discussion, this study investigated the positive relationship between Motivated Employees and Employee Engagement.

2.14 CUSTOMER ENGAGEMENT AND EMPLOYEE ENGAGEMENT:

Ram, Bhargavi and Prabhaskar (2011:123) postulate that customer satisfaction is a state through which the customers judge the service that has been offered to them by the seller. It is the degree to which the seller has met or exceeded the customers’ expectations (Ram et al. 2011:123).

**Figure 2.4: Customer engagement matrix**

(Sources: Sashi 2012:265)

Sashi discusses four levels of relationships that emerge during the exchange between a seller and customers. These are: transactional customers, delighted customers, loyal customers, and fans. (Sashi 2012: 265). All these stages involve the participation of the employees as they are the ones who are responsible for engaging with customers.

It is clear from Figure 2.4 that customer engagement has high emotional bonds and high relational exchange at the fan stage. Sashi argues that for customers to turn into fans, there has to be progress through the stages of the customer engagement cycle. In addition, to maintain the fans, sellers need a mix of transactional, delighted, and loyal customers who can be turned into fans in the future (Sashi 2012:265).

Chi and Gursoy discuss the relationships between unit-level employee satisfaction-engagement and business-unit outcomes (2009: 252). The positive relationship be-
between employees’ satisfaction and business-unit outcomes has implications for changes in management practices that increase employee satisfaction, which may then increase business-unit outcomes, including profit (Chi and Gursory 2009: 253). The researchers of the hospitality industry concluded that there is a direct relationship between customer satisfaction and employee engagement (Chi and Gursoy 2009: 252). There is also a positive relationship between customer satisfaction and financial performance (Chi and Gursoy 2009: 252).

Gallup (2013) discusses the power of the employee-customer encounter. He maintains the source of the unbreakable power that employees have over customers is the moment the employee connects emotionally with a customer and that has profound implications on a company’s productivity and profitability Gallup (2013:77). Gallup further argues that it is important for the organisations to know how to prepare frontline employees to make the most of these unbreakable power moments and ensure that they engage customers, who in turn, will prefer to spend more, visit more often, resist competitor advances, promote the company brand to others and forgive the occasional service blunder. All of this means that the organisation will have a customer for life (Gallup 2013: 50). Gallup also states that organisations need to ensure that they align their employee engagement with customer engagement if the organisation is to achieve sustainable growth Gallup (2013: 50).

On the basis of the above discussion, this study proposes that Customer Engagement is positively related to Employee Engagement

2.15 WORKING CONDITIONS AND EMPLOYEE ENGAGEMENT

Salanova, Agut and Peiró (2005:1221) argue that when employees feel that the organisation training programmes assist in removing obstacles from their work, they become more engaged in their work. This results in employees giving better service to customers Salanova, Agut and Peiró (2005:1221). An environment that promotes a culture of world class customer service results in employees being more vigorous, dedicated and absorbed in their everyday duties (Salanova et al. 2005: 1224).
Figure 2.5 below is the model by Salanova et al., which shows the impact that the training and resources provided by the organisation will have on the employee engagement towards their work. It is clear from the model below that employees, who are engaged, produce an improved employee performance. This will ultimately result in employees embracing a service climate which will have a positive effect on customer loyalty (2005:6).

**Figure 2.5: Model of training and resources provided on employee engagement**

![Figure 2.5: Model of training and resources provided on employee engagement](image)

(Source: Salanova, Agut and Peiro Model 2005:1219)

Vigour, dedication and absorption are identified by Lockwood (2007:4) as levers of employee engagement. Vigour is a described as a high level of energy and resilience, while dedication is referred to as the pride and sense of inspiration that employees have towards their work. Absorption refers to the employees' state of happiness (Lockwood 2007:4). Lockwood further argues that a workplace culture in which policies and rules are barriers to employee engagement will ultimately result in the downfall of the organisation Lockwood (2007:6).

The importance of a focus on healthy working conditions is confirmed by Tuckey, Bakker and Dollard who argue that work engagement is associated with factors that promote safe and healthy working conditions (2012:21). Healthy working conditions, according to Tuckey et al., include: frequent exercise, good sleep, non-smoking designated areas, low job demands, low physical workload, and high task resources. The latter are said to enhance the employees’ positive state of work engagement (2012:21).
Figure 2.6: Conceptual model underpinning safety climate

Based on the above diagram, Biggs and Banks argue that safety compliance and participation by the relevant employees is achieved through the safety climate and environment that motivates employees to comply and participate. Safe working conditions are also highlighted by Biggs & Banks where they focused on construction companies in Australia that had been found to have a high number of deaths (2012:1). Biggs and Banks concluded that the key measures of safety were safety climate, safety motivation, safety compliance, and safety participation (2012:2).

Participation also involves co-workers helping and encouraging each other to comply (Biggs & Banks, 2012: 2).

The negative effect that abnormal work conditions may have on individuals is proven by Bowen, Edwards and Lingards' argument of the effect that occupational stress has on the health and well-being of employees (2012:394). The survey that Bowen et al. conducted among architects, civil engineers, quantity surveyors, and project and construction managers in South Africa established that the employees who experience the highest levels of stress at work were architects. They found that engineers, quantity surveyors and project and construction managers experienced less stress in comparison to the architects. They further discovered that female employees experience higher stress levels than male employees (Bowen et al. 2012:393). The argument further says that the extent to which professionals are able to control their job situations does not appear to have a major influence on stress. The main contributors to stress are tight deadlines and long working hours, as all employees are said to appreciate having more time to do a better job (Bowen et al. 2012:394).
On the basis of the above discussion, Working Conditions appear to be positively related to Employee Engagement.

2.16 CULTURE OF THE ORGANISATION

The positive relationship between the business culture and the success of the business is highlighted by Paunovic and Dima where they say that corporate entrepreneurship has become a necessary precondition for sustainable business development (2014:269). They maintain that one of the key elements of the corporate entrepreneurship model relates to the creation of an adequate organisational culture. Paunovic and Dima continue by stating that sustainable business development includes values of business culture as well as motivational factors that will support effective implementation of these values in the corporate environment in order to nurture entrepreneurship growth (2014: 269).

The relationship between culture and the climate in which employees work is discussed in Guldenmund’s discussion of a framework of safety culture, where he came up with three levels at which organisational culture can be deliberate (2000: 215). These levels are; the basic assumptions, espoused values and artefacts. Guldenmund further suggests that the basic assumptions do not have to be about the safety culture. However, it is considered as a good sign if they are. At the level of espoused values Guldenmund found that attitudes are equated to the safety climate (2000: 215).

The positive relationship between the culture of the organisation and the beliefs of employees is further argued by Roof, who argues that there is a relationship between employee engagement and spirituality (2015: 526).

According to Ahmad, Iqbal, Kanwal and Javed (2014:29), Figure 2.7 below shows the alignment of internal branding (Int. branding) that allows organisations to be customer-focused as well as employee-focused. These authors further argue that there is a positive relationship between internal branding, employee engagement and brand experience.
Malmberg 2008 (cited by Ahmad et al. 2014: 31) has found the 4 Cs as the way of internal branding in corporate brand-building. The 4 Cs are: commitment, culture, communication and compensation. These 4 Cs have been highlighted as the behaviours that usually exist in engaged employees.

The Organisational Culture has a positive relationship with Employee Engagement. It is important for organisations to ensure that the culture they adopt is the culture that will promote and embrace the engagement of their employees.

On the basis of the above discussion, this study investigated the positive relationship between Organisational Culture and Employee Engagement.

2.17 HUMAN RESOURCES MANAGEMENT AND EMPLOYEE ENGAGEMENT

Grobler et al. (2012: 154) maintain that human resources management (HRM) can achieve a role of generating sustainable development for the organisation through the development of policies and procedures that will succeed in attracting and retaining talent. This view was earlier purported by Wilson, who argued that the current corporates need to devise strategies to recruit and maintain talent (2010:58). Grobler et al. (2012: 155) continue by contending that the talent management processes must be strategically aligned to the business overall strategy.
Figure 2.8 below shows the steps that need to be followed in talent management. Grobler et al. highlight the importance of recruiting the right talent and retaining talent, when they refer to areas of a family-friendly environment in which employees can achieve a work-life balance (2012: 163).

**Figure 2.8 Talent – management system**


Wilson argues that it is the responsibility of every manager to establish the talent centric culture of their team (2010:60). He believes that business leaders need to engage their people and get their commitment in order to align them to the business’s objectives (Wilson 2010:61).

Nel et al. discuss a list of guidelines that can assist in employee retentions (2008:355). These are:

- Time and resources need to be spent in training managers or supervisors in enhancing relationships with staff.
- The enhancement of the employee and supervisor relationship must be ongoing, rather than a once-off event.
- Retention bonuses can be used to recognise an employee who stays in the organisation for a lengthy period of time.
- A learning environment, where employees can have the potential to grow, needs to be created.
- Salary scales should be non-discriminatory and information regarding salary ranges should be availed to employees on request (Nel et al. 2008:355).
On the basis of the above discussion, this study investigated the positive relationship between Effective Human Resources Management and Employee Engagement.

2.18 CONCLUSION

It is clear from the literature review that employee engagement is a centre of interest for both academics and the corporate sector. Different authors give different explanations on the definition of employee engagement. The literature also revealed the influencing factors for employee engagement as identified by different authors. The different authors reviewed agree on the influence in general that employee engagement has on the businesses’ success.

Different outcomes have been identified as the result of employee engagement. The literature has proven that, for the positive outcomes of employee engagement to be achieved, each of the role players that have been identified needs to play an effective role.

The following chapter will discuss the research methodology employed in this study.
CHAPTER 3
RESEARCH METHODOLOGY

3.1 INTRODUCTION:

The literature review discussed in Chapter Two clearly shows that employee engagement is a centre of interest for both academics and the corporates. Chapter Two highlighted factors that influence engagement of employees. These are not confined to the SMMEs. Though different authors discuss different outcomes of employee engagement, the similarity of the different authors is their conclusion that says engaged employees have a positive impact on the overall success of the business. SMMEs play a crucial role in the success of the country. In South Africa SMMEs have been identified as the source of economic growth by the South African government providing for an estimated 91% of formalised business (The Banking Association of South Africa).

The purpose of Chapter Three is to give an overview of the research methodology followed in testing the relationship between the variables that have been identified to affect employee engagement. The variables were established through a literature review on journals, articles and book reviews. Based on the literature reviewed, the independent variable is Employee Engagement. The variables that affect employee engagement are:

- Nature of continuous learning
- Revenue transparency
- Employee value proposition
- Job satisfaction
- Leadership style
- Equitable rewards
- Supportive colleagues
- Supportive working conditions
- Job security and
- Work policies and procedures.
3.2 RESEARCH TYPE

The two main research paradigms that are widely used are the positivist and the Interpretestivst paradigms. Collis and Hussey explain that a paradigm is the idealistic framework that guides how research should be conducted (2009: 43). The positivistic paradigm, which is favoured in this study assumes that reality does not depend on human behaviour, therefore theories must be drawn up based on observations and experiments (Collis and Hussey 2009: 43). Positivism believes in observation and experiments as a direction to follow in painting a theory. Collis and Hussey argue further that positivism is associated with quantitative methods and an examination based on a statistical analysis (2009: 44).

On the other hand the interpretivist paradigm focuses on exploring the complexities of social phenomena with the aim of gaining interpretive understanding (Collis and Hussey 2009: 45). Collis and Hussey conclude that interpretive research is mostly suitable for a qualitative type of research where the interpretation of findings is not based on statistical analysis (Corbin and Strauss 2008, cited by Collis and Hussey 2009: 45).

Table 3.1 Positivist versus Interpretive Paradigms

<table>
<thead>
<tr>
<th>Positivist:</th>
<th>Interpretivism:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use large sample sizes.</td>
<td>Small sample size is used.</td>
</tr>
<tr>
<td>Has an artificial location.</td>
<td>Has a natural location.</td>
</tr>
<tr>
<td>Hypothesis testing is used.</td>
<td>Theories are generated.</td>
</tr>
<tr>
<td>Results with high reliability and low validity</td>
<td>Findings have low reliability and high validity.</td>
</tr>
<tr>
<td>Generalise sample from population</td>
<td>Generalise to a similar setting.</td>
</tr>
<tr>
<td>Objective evidence from measurable phenomena.</td>
<td>Subjective evidence from participants.</td>
</tr>
<tr>
<td>Researcher is distant from the study.</td>
<td>Researcher interacts with the participants.</td>
</tr>
<tr>
<td>The researcher studies cause and effect.</td>
<td>The researcher studies the topic within its context.</td>
</tr>
</tbody>
</table>

(Source: Collis and Hussey 2009:50)

The positivist paradigm which is quantitative in nature was used in this study. This is based on Table 3.1 above where it is stipulated that the positivist paradigm allows the researcher to research cause and the effect. The latter is a reality for this study.
as this study sought to test the relationship between the independent variable and the dependent variables.

An experimental study, that is associated with positivism, was the method that was used to investigate the relationship between the dependent variable (employee engagement) and the independent variables identified during the literature review (Collis and Hussey 2009: 60).

Based on the above points of the positivist approach, a sample of 70 employees working for SMMEs in the Buffalo City Area was used. Hypothesis testing was used.

The reliability of the study has been proven using Cronbach’s alpha. Special care has been taken in generalising the results to the population of the sample.

### 3.3 VALIDITY AND RELIABILITY

Reliability in research is important as it establishes whether another researcher would get the same results should they decide to conduct the same research again (Collis and Hussey 2009:275). Collis and Hussey say that internal reliability is important, especially where multiple scales are used (2009:275). Cronbach’s alpha coefficient was used in this research to check for the internal reliability. Reliability refers to the accuracy and correctness of the measurement and absence of different results should another researcher conduct the same study (Collis and Hussey 2009:217). The target for the Cronbach’s alpha was for it to be ≥ 0.6. Collis and Hussey maintain that a Cronbach’s alpha of ≥ 0.6 shows that the scale is fairly reliable (2009:275).

The validity of a research exercise is an important measure as it establishes whether the measuring instrument has managed to capture the concepts that are being measured (Collis and Hussey 2009:218). The issue of validity can result in boredom or a lack of interest in the completion of questionnaires should the questions posed in the questionnaires not be linked to the study as explained to the respondents (Collis and Hussey 2009:218).

The validity of this research was measured through the analysis of Box and Whisker plots that showed the distribution of the factors.
After the finalisation of the questions to be asked of respondents, the following checklist by Collis and Hussey was used. This exercise was conducted to minimise the misalignment of the questionnaire from the concepts being measured. This exercise was aiming at minimising a low response.

### Table 3.2 Checklist for elimination of questions on questionnaire

<table>
<thead>
<tr>
<th>Does the question measure the aspect of the research question or does it provide information needed for another variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>If ‘YES’ retain</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Will most respondents understand the question in the same way</th>
</tr>
</thead>
<tbody>
<tr>
<td>If ‘YES’ retain</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Will most respondents be in a position to answer the question</th>
</tr>
</thead>
<tbody>
<tr>
<td>If ‘YES’ retain</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Will most respondents be willing to answer the question</th>
</tr>
</thead>
<tbody>
<tr>
<td>If ‘YES’ retain</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Should this question be asked of all respondents or only few</th>
</tr>
</thead>
<tbody>
<tr>
<td>If ‘ALL’ retain</td>
</tr>
</tbody>
</table>

(Source: Collis & Hussey 2009:218).

### 3.4 RESEARCH DESIGN

Collis and Hussey explain a research design as a detailed plan that is used as the road map detailing the journey that the research study will undertake (Collis and
The model in Figure 3.1 below was followed during the design stage of this research.

**Figure 3.1 Research Design Method**

1. Identify research problem
2. Determination of the purpose
3. Main research questions
4. Methodology chosen
5. Interpretation of results
6. Proposal draft

Source: (Collis and Hussey 2009:98)

The existing literature was reviewed in order to identify the insights that other theorists have towards employee engagement. Based on the literature explored, common variables were identified. Gaps were also identified and that is where the idea of this research originated.

A quantitative method was the best option that was suitable for the study with a questionnaires used as the method of data collection.

### 3.5 POPULATION OF THE STUDY

The population of the study was all the operational SMME businesses in the Buffalo City Area. The Geographical Strength Index (GSI) website accessible from the Nedbank collaboration website currently shows that there are 655 SMMEs registered within the Buffalo City Area that covers King Williams Town (204 businesses), East London (437 businesses), Mdantsane (14 businesses) (Nedbank 2015). The busi-
nesses in the most prominent areas of Buffalo City were selected, based on the number of the employees. A list was completed of the 159 most prominent operational businesses in Buffalo City. As per the matrix data and the Registrar of Companies (CIPC) information on the Nedbank collaboration site, there are a total of 159 large and operational businesses in the Buffalo City Area (Nedbank 2015). Companies chosen were based in Mdantsane, King Williams Town and Upper East London. In addition a physical drive-around was conducted in King Williams Town and the Mdantsane Area to identify the three most prominent SMMEs which were operational SMME businesses in each area. King Williams Town and Mdantsane were chosen because these are the two areas with high numbers falling within the research population.

3.6 SAMPLING DESIGN

Questionnaires were distributed amongst the employees of chosen SMMEs around the Buffalo City Municipality Area. The sampling took the form of convenience sampling based on the selection of a group of the units. Collis and Hussey say the convenience sampling method is the most convenient sampling for questionnaire type research as it is economical and assists with the reduction of the physical coverage (2009:201). The sample of the study was selected based on the availability of the respondents and the permission given by the business owner or supervisors to distribute questionnaires on the work site.

There were three criteria used in the selection of the SMMEs on which to conduct research. The first criterion was that the business should be operational. Secondly, it should be based with the Buffalo City Municipality Area. The Nedbank collaboration site was used to identify businesses that are operational in Buffalo City. A telephone directory was used to get the contact details of the SMMEs selected to secure appointments and in some cases face-to-face appointments were made with key individuals identified in some of the businesses to collect the questionnaires on behalf of the researcher. The advantage of a personal collection of questionnaires is that it increases the number of responses.
The third criterion used to select the SMMEs was that the number of employees should not be less than five. Seventy questionnaires were hand-delivered to different operational SMME businesses and 51 questionnaires were received back.

3.7 DATA COLLECTION METHOD

3.7.1 Questionnaire

The data collection method used was the individual and the face-to-face distribution of questionnaires as suggested by Collis and Hussey (2009:207). This is because they maintain that face-to-face distribution can be designed and can be precise in targeting the most appropriate sample (2009:207).

The method set out below in Figure 3.2 is based on Collis and Hussey and was followed during the construction of the data collection method.

Figure 3.2: Data Collection Process

(Source: Collis and Hussey 2009:205)

The questions in the questionnaire were based on factors that had been identified during the literature review and were in the form of closed questions. The advantage
of the closed questions is that they are easy for respondents to answer and easy to interpret by means of coding (Collis and Hussey 2009:132). Each questionnaire was coded with a unique number. This allowed for easy analysis and a follow-up in cases of non-return. A cover letter was drafted and each questionnaire had a cover letter attached to it. The letter explained the main purpose of the research and also highlighted that the findings would not be used for purposes other than academic. The confidentiality of responses was also highlighted in the attached cover letter.

The questions were drafted as closed questions in a form of a Likert rating scale with five choices that respondents could choose from. The choices that respondents had were:

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree.

The advantage of a Likert rating scale is that it provides economical use of space and makes it easy for respondents to complete the questionnaire (Collis and Hussey 2009:216). The questionnaire was divided into two sections. The first section related to the demographics of the respondents while the second section was a set of questions that were meant to investigate the current situation in respect of those factors influencing employee engagement.

The plan for dealing with non-responses was that where the questionnaires were distributed there was a key individual identified. The role of the key individual was to be a contact who assisted in reminding the respondents who had not yet returned the questionnaire. They also assisted with the collection of the questionnaire.

3.7.2 Questionnaire Distribution

Managers and owners of businesses used in the study were called telephonically to set up appointments to secure dates and permission for the distribution and collection of questionnaire in the workplace. A detailed explanation had to be supplied with
some business owners and they were also given the option of calling and confirming with Nelson Mandela Metropolitan University (NMMU) for further confirmation of the main purpose of the study. Their (business owners) uneasiness about the research was understandable given the number of protests that are frequent in the Buffalo City area. However, protests are mainly anti-government protests, due to the dissatisfaction the public has towards service delivery. Business owners, who requested prior sight of the questionnaire, were given the questionnaire. The researcher also offered to give the business owners, who so wished, an offer to provide them with the final results of the study.

Respondents were given three days to complete the questionnaires. Options of email, fax and personal collection were channels that respondents could use in returning the completed questionnaire. The face-to-face distribution of questionnaires was at the workplace of the respondents with envelopes issued that gave an option for the personal collection of completed questionnaires. These were the envelopes that respondents used to seal their completed questionnaires so as to ensure confidentiality. The explanation that the research was purely for the purposes of completing an MBA was provided in the form of a cover letter that accompanied the questionnaire. This was also annotated at the top of the questionnaire.

3.8 DATA ANALYSIS

Wegner states that the choice of an appropriate statistical method depends on the type of management problem to be addressed and secondly on the type of data available. Data can either be qualitative or quantitative (Wegner 2012:9). In case of this research data was quantitative in nature. Numeric data needed to be manipulated in order to produce statistical results that could later be analysed (Wegner 2012:10)

Wegner further discusses two different types of sampling methods and further discusses the sampling types suitable for each method and finally the statistical analysis suitable for each method (2012:157)

Methods of establishing central tendency, descriptive statistics, methods of inferential statistics and hypothesis testing were used in analysing the data.
Table 3.3: Sampling methods and statistical analysis methods

<table>
<thead>
<tr>
<th>Sampling methods</th>
<th>Sample types</th>
<th>Valid statistical analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non –random selection</td>
<td>Convenience</td>
<td>Exploratory descriptive statistics</td>
</tr>
<tr>
<td></td>
<td>Judgement</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td></td>
<td>Quota</td>
<td>Inferential statistics</td>
</tr>
<tr>
<td></td>
<td>Snowball</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Wegner 2012: 157)

Table 3.3 shows exploratory descriptive statistical methods which are the recommended methods for a non-random sampling method, where sample selection is convenient by nature. The convenience selection method was the type of sampling method chosen for this research. Ilker, Sulaiman and Rukayya suggest that convenience sampling is usually used where members of the population meet criteria such as: accessibility, geographical convenience and willingness to participate in the study (2015:1)

After the collection of the questionnaire, data was captured on a spread-sheet in the form of coding in order to enable the exploratory descriptive statistics and inferential analysis of the results. The closed questions were in the form of a rating scale with five choices that respondents could choose from. The choices that respondents had were each coded with a number, to enable the statistical analysis. Each code is noted next to the response:

- Strongly agree (1)
- Agree (2)
- Neutral (3)
- Disagree (4)
- Strongly disagree (5)

Hypothesis tests are propositions that are measured against the empirical evidence (Collis and Hussey 2009:201). The variables identified through the literature review on employee engagement and associated with SMMEs in Buffalo City were identified from the literature. The primary objectives of the research were highlighted in Chapter One and the relationship between variables was tested in order to identify the influence the identified variables had towards each other and the level of relationship
they had with each other. This test assisted in the understanding of the impact each variable has on employee engagement. Variables identified were measured using hypothesis testing.

The relationships tested were as follows with the declarative hypotheses appearing first followed by the associated Null hypothesis.

\( H_{a1} \) There is a relationship between Leadership Style and Continuous Learning.
\( H_{o1} \) There is no a relationship between Leadership Style and Continuous Learning.

\( H_{a2} \) There is a relationship between the Leadership Management and Leadership Style.
\( H_{o2} \) There is no relationship between the Leadership Management and Leadership Style.

\( H_{a3} \) There is a relationship between Working Conditions and Leadership Management.
\( H_{o3} \) There is no relationship between Working Conditions and Leadership Management.

\( H_{a4} \) There is a relationship between Continuous Learning and Revenue Transparency.
\( H_{o4} \) There is no relationship between Continuous Learning and Revenue Transparency.

\( H_{a5} \) There is a relationship between Leadership Style and Revenue Transparency.
\( H_{o5} \) There is no relationship between Leadership Style and Revenue Transparency.

\( H_{a6} \) There is a relationship between Working Conditions and Revenue Transparency.
\( H_{o6} \) There is no relationship between Working Conditions and Revenue Transparency.

\( H_{a7} \) There is a relationship between Continuous Improvement and Management Innovation.
\( H_{o7} \) There is no relationship between Continuous Improvement and Management Innovation.
There is a relationship between Management Innovation and Leadership Style.

There is no relationship between Management Innovation and Leadership Style.

There is a relationship between Working Conditions and Policies and Continuous Learning.

There is no relationship between Working Conditions and Policies and Continuous Learning.

There is a relationship between Supportive Colleagues and Working Conditions Learning.

There is no relationship between Supportive Colleagues and Working Conditions Learning.

3.9 ETHICS CONSIDERATIONS

It was made clear to the respondents that participation in the study is purely voluntary. The explanation that the research was purely for the purposes of completing an MBA was provided in the form of a cover letter that accompanied the questionnaire. Informed consent was received both from the supervisors and the participants. It was highlighted that should the respondents not wish to participate in the study, nothing would be held against them as they did have a choice not to form part of the study.

3.10 CONCLUSION

This chapter detailed the research methodology that was used and how it was applied in the research. The positivist approach was selected as the most suitable approach for this research. The population and the sampling method used were explained in this chapter. The reason for data collection through using questionnaires was also explained in this chapter. The data collection method followed could be interpreted by following the descriptive and inferential statistical methods. Hypothesis testing was the method adopted during the data analysis. The data analysis of the questionnaire results will be discussed in detail in the following chapter.
CHAPTER 4

EMPIRICAL RESULTS

4.1 INTRODUCTION

This chapter provides a discussion of the results following the quantitative research methodology adopted, as explained in Chapter Three. Quantitative research was conducted in a form of questionnaires accompanied by a cover letter, which were distributed amongst the SMMEs in the Buffalo City Area.

This chapter will first discuss the demographics of the sample, followed by a discussion of responses to the questions related to the variables of employee engagement in Section B. The discussion will be expressed in percentage form. The responses are rounded off to ‘0’ decimal place for maintenance of consistency.

Figure 4.1: Illustration of response rate

![Response Rate Chart]

A total of 70 questionnaires were distributed. Initially there were 31 questionnaires returned by participants. Several reminders were sent to the non-respondents and that resulted in the reduction of no-response to 27%. Eventually 51 fully completed questionnaires were returned, resulting in a response rate of 73%. Figure 4.1 illustrates the response rate.
4.2 ANALYSIS AND PRESENTATION OF BIOGRAPHICAL DATA

Figure 4.2: Gender of Respondents

Figure 4.2 reveals that 57% of the respondents were male and 43% were female.

Figure 4.3: Age of respondents

Figure 4.3 shows that the highest percentage of respondents fell into the category of young adults between the 26 and 35 year age group at 45%. This was followed by the age group that is again categorised as young adult and which is between the ages of 18 and 25 years at 21%. The age group between 36 and 45 years of age was represented by 20% of the respondents. The senior citizens (46-55) were at 14%.
A substantial 35% of respondents were married. That was followed by those who regarded themselves as being in a stable relationship, at 31%. The respondents who had never been married were at 26%. The latter was expected given the high number of young people who participated in the research. The respondents who were divorced were at 4%. The final 2% of the respondents were widowed and there was one respondent who did not specify a marital status.

**Figure 4.5: Ethnic group of respondents**

- Coloured: 20%
- Black: 80%
- Missing: 2%
The ethnic group of the respondents is a reflection of the demographic demarcation of the Buffalo City Area, which has predominantly Black residents. Eighty percent of the respondents were Black African with 20% Coloured.

**Figure 4.6: Position of respondents in the SMME**

![Position of respondents chart]

The above chart, Figure 4.6, reveals that 76% of the respondents occupy the so-called level one positions in their respective businesses, while 22% occupy supervisory or managerial positions, and there was one who chose ‘other’, and unfortunately did not specify why he or she chose other, even though the questionnaire had a space for the respondent to specify.

**Figure 4.7: Work years’ experience of respondents**

![Years in employment chart]

Regarding the length of service, 55% of the respondents had been employed at their companies for 1 to 5 years, 21% had been employed for 6 to 10 years, while 14% had been employed for less than a year and 10% for more than 10 years. The rea-
son why there was a low percentage of respondents employed for longer than 10 years could be due to the high number of young adults that participated in the research.

**Figure 4.8: Education level of respondents**

![Education level of respondents](image)

The highest level of education of the majority of the respondents was the Senior Certificate, at a significant percentage of 78%. Respondents with qualification lower than Senior Certificate were at 16%, while 4% of respondents had attained a degree or diploma and 2% a post graduate qualification.

### 4.3 ANALYSIS AND PRESENTATION OF SECTION B

#### 4.3.1 Continuous Improvement Results

The questions on continuous improvement were meant to ascertain the impact and the level of implementation of continuous improvement in the workplace. Continuous improvement was identified during the literature review as one of the variables that encourages employee engagement. Statements that respondents chose from were:

- **Statement 1:** I have the necessary skills and knowledge to perform my job.
- **Statement 2:** My development plan discussion enables me to meet my objectives.
- **Statement 3:** I learn something new every six months.
- **Statement 4:** I have an opportunity to do what I enjoy and do best daily.
Figure 4.9 shows that only 12% decided to be neutral on whether they had the necessary skills and knowledge to perform their jobs. Eighty-eight percent of the respondents said that they had knowledge and skills to perform their jobs, with 45% of respondents strongly agreeing with this statement.

Regarding the development plan discussions, 8% of respondents disagreed with the statement that their development plan enabled them to meet their work objectives, while 74% of the respondents said that their development plan discussion helped them to achieve their objective. It is a concern that 18% of respondents chose to be neutral on this question, which brings a total percentage of 26% of staff who disagreed or decided to be neutral on the impact of their development plan discussion.

Regarding the third statement, a total of 62% of the respondents said that they learned something new every six months. However, 22% of the respondents felt that they did not learn anything new during a six month period, while 16% of the respondents chose not to give a final opinion on this question but rather remained neutral.

Regarding the fourth statement, a significant 59% of the respondents agreed, and 14% strongly agreed, that they were enjoying what they did and they did their best on a daily basis. There was, however, 8% of the respondents, who did not agree with the statement on enjoying their work, and 19% remained neutral.
The results of responses to all four statements on Continuous Improvement had more than 50% of respondents agreeing to all four statements with only 8% or less disagreeing with the statements. This shows that the continuous improvement concept is embraced by the SMMEs.

4.3.2 Leadership-Style Results

The Leadership Style questions were meant to ascertain the current leadership styles that exist in the SMMEs in Buffalo City. This is because leadership style has been identified as one of the variables that affect employee engagement. As per Annexure 1, respondents were requested to respond to the following statements:

Statement 1: My manager provides a clear strategic purpose for the Company.
Statement 2: My manager helps me to get better in my job.
Statement 3: My manager helps me to remove the stumbling blocks to my performance.
Statement 4: My manager ensures that all employees understand the functions of other departments.

Figure 4.10: Leadership Style responses

Significantly, 84% agreed that their managers provided them with the clear strategic purpose of the company and 8% strongly agreed with the statement. Only 4% disagreed with statement 1, while 4% remained neutral.

It is clear that a majority of respondents recognised the help their managers gave to them to enable them to do better in their jobs. This is because of the 65% of the re-
respondents who agreed with this statement with 10% strongly agreeing with the statement. Eight percent of the respondents did not recognise the help from their managers, with 17% choosing to remain neutral.

Statement number three was whether respondents felt that their managers helped them to remove the stumbling blocks to their performance. Here 65% agreed with this statement, with 7.8% strongly agreeing with the statement. Significantly, 25 percent chose to remain neutral, with only 2% disagreeing with the statement.

A high percentage of 65% agreed with the statement that their managers ensured that they understood the functions of other departments with 8% strongly agreeing with the statement. It was only 4% of respondents who did not agree with this statement and 23% chose to remain neutral.

It is clear that there is a healthy relationship that exists between the staff and leadership, with more than 75% of respondents agreeing to all four statements. It is also clear that the leadership in SMMEs gives good support to the employees.

4.3.3 Leadership and Management Results

These questions were meant to ascertain the level of knowledge the respondents had regarding their purpose in the company. This was achieved through assessing the impact that leadership had towards aligning the purpose of employees to that of the organisation. This is because knowing the purpose of the company allows employees to engage with ease. Statements that were presented to the respondents were:

Statement 1: I know my purpose in the Company.
Statement 2: I am always reminded of how I can make the Company successful.
Statement 3: I know how my job fits with the Vision and Mission of the Company.
Statement 4: My manager is a good listener.

Figure 4.11 below gives a graphic depiction of the responses to the above statements.
Figure 4.11 shows that 51% of the respondents said that they knew the purpose of their organisation, with 18% strongly disagreeing with the statement. Ten percent of respondents disagreed with the first statement, while 21% chose to be neutral in their opinion on the statement.

Regarding Statement Two, significantly, 61% said that they were always reminded of how they would make the company successful, with 17% strongly agreeing with this statement. It was only 6% who did not agree with this statement.

Regarding the third statement, a total of 55% of the respondents said they knew how their job fitted in with the vision and mission of their company, with 16% strongly agreeing with the statement. However, 10% of the respondents disagreed with the statement, whilst 19% of the respondents chose to remain neutral.

Regarding the fourth statement 51% of the respondents agreed that their managers were good listeners, and 10% agreed strongly that their managers were good listeners. There were however, 16% of the respondents who did not agree that their managers were good listeners, while 23% remained neutral.

The results obtained showed that more than 50% of respondents had knowledge of their purpose in the company. The crucial role that leadership plays in SMMEs in keeping employees engaged came across where more than 50% of respondents
said leadership always reminded them of how they could make the company successful.

4.3.4 Working Conditions Results

The condition that the employees work under has a positive relationship with the engagement of employees. The statements that were posed to respondents to gauge the level of working conditions were:

Statement 1: I find my job interesting.
Statement 2: I achieve work life balance with ease.
Statement 3: Training on the job is good.
Statement 4: Physical conditions are conducive for me to perform my job.

Figure 4.12: Working Conditions responses

Figure 4.12 reveals that 61% of the respondents agreed that they found their job interesting, with 14% strongly agreeing with this statement. It is a concern that 15% of respondents decided to be neutral on this question. It is only 10% of respondents who disagreed with the statement that they find their job interesting.

Regarding achieving a work/life balance, 29% of the respondents disagreed with this statement, with 4% strongly disagreeing with this statement. However, 28% agreed with the statement with only 10% strongly agreeing that they do achieve a work/life balance. Twenty-nine percent of respondents chose to remain neutral.
Responses to Statement Three revealed that 43% agreed that training on the job was good with 33% strongly agreeing. Only 14% disagreed with statement 3, while 10% chose to remain neutral.

Regarding Statement Four, 59% of respondents agreed that the physical conditions are conducive for them to perform their jobs. Twenty-three percent strongly agreed with this statement, 14% remained neutral and only 4% of respondents disagreed.

The overall results on work conditions showed a level of working conditions that is healthy. These working conditions are good conditions that result in SMMEs having engaged employees.

4.3.5 Revenue Transparency Results

The literature review revealed that transparency has a direct impact on the motivation and engagement of employees.

Statement 1: I know my target on profitability of the Company.
Statement 2: I am well aware of the current financial position of my Company.
Statement 3: I am well aware of the current financial contribution I bring to the Company.
Statement 4: I am well aware of the financial implication of my non-performance for the Company.

Figure 4.13: Revenue Transparency responses
Figure 4.13 reveals that 49% of the respondents knew their profitability target in the company. A concern is that 29% of respondents, nearly a third, decided to be neutral on this question with 22% responding by saying that they did not know their profitability target in the organisation.

With regard to awareness of the current financial position of the company, forty-three percent of the respondents either disagreed or strongly disagreed with this statement. It was also the same, 43% of respondents agreed or strongly agreed that they were well aware of the current financial position of their company and 14% of the respondents decided to be neutral on this statement.

Regarding Statement Three, 29% agreed with the statement that they knew the current financial contribution they bring to the company, with 14% of the respondents strongly agreeing with this statement. Significantly, 33% either strongly disagreed or disagreed with the statement, with 22% deciding to be neutral on this issue.

Statement Four shows the results of the statement concerning knowledge of the impact of non-performance on the financial state of the Company. The spike in Figure 4.13 shows the 47% of respondents agreed with this statement, with 14% strongly agreeing with the statement. There were 20% who responded that they were not aware of the impact of their poor performance on the overall financial performance of the organisation. It is significant that 19% of respondents decided to remain neutral on this statement.

The overall responses to the revenue transparency issue revealed that there is a gap on the transparency of revenue. This is because of the 43% of respondents, who said that they were not aware of the financial position of their company, with 33% not knowing their contribution to the financial position of the company. It is clear that there is some work to be done concerning revenue transparency.

**4.3.6 Management and Innovation Results**

The environment that allows for creativity is conducive to innovation and it could result in the sustainable growth of the organisation and keeping employees engaged.
The following statements were the selections that respondents could choose from for the researcher to identify the level of innovation in SMMEs.

Statement 1: My suggestions are listened to.
Statement 2: Employee intellect is regarded as a valued characteristic by my company.
Statement 3: I am asked for my opinion at times.
Statement 4: My opinion is listened to and implemented.
Statement 5: My manager ensures that I have sufficient resources to perform my duties.

Figure 4.14: Management of Innovation responses

It was only 35% of respondents who responded that their ideas were listened to, with 45% of respondents saying that their ideas were not considered, while 20% remained neutral.

Regarding Statement Two as to whether employee intellect was regarded as a valued characteristic, only 30% either agreed or strongly agreed with this statement, with 37% remaining neutral and 33% disagreeing.

Regarding Statement Three, 35% of respondents agreed with statement that they were asked their opinions at times, with 14% of the respondents remaining neutral and significantly, 51% disagreeing with the statement.

In Statement Four a total of 33% of respondents felt that their opinions were listened to and implemented while 14% chose to remain neutral, with 53% either disagreeing or strongly disagreeing with the statement.
Regarding Statement Five, which queried whether management ensured that they had sufficient resources to perform their duties, 55% of respondents agreed with the statement, with 31% remaining neutral and only 14% of respondents disagreeing.

The responses on management of innovation raise a number of concerns, where a high percentage of SMME employees said that their ideas were not considered. Some said they were never asked for their opinions and this is a pre-requisite for an effective management of innovation as revealed in the reviewed literature.

### 4.3.7 Working Conditions and Policies Results

Working conditions and policies were identified during the literature review as one of the issues that had a significant impact on employee engagement. Respondents were asked the following statements to ascertain this:

- **Statement 1:** I have adequate safety training.
- **Statement 2:** I always ensure compliance with safety standards.
- **Statement 3:** I am aware of safety and health hazards at work.
- **Statement 4:** I work in a safe and healthy environment.

**Figure 4.15: Working Conditions and Policies responses**

Significantly, 47% agreed that they had had adequate safety training with 31% strongly agreeing with this statement. Only 4% of the respondents responded that
they did not have adequate safety training, with 18% of respondents choosing to be neutral.

A percentage of 88% responded that they always ensured compliance with safety standards. Two percent said that they did not ensure compliance with safety standards, which is a concern. Ten percent chose to remain neutral in their view.

It is a significant 94%, who responded that they were aware of safety and health hazards at work, with only 2% responding that they were not aware of the safety and health standards in their workplace, whilst 4% chose to be neutral.

A high percentage of 92% agreed that they felt they worked in a safe and healthy environment, and only 2% said that they did not feel safe at work while 6% remained neutral on this statement.

The high percentage of respondents agreeing with most statements showed that employees in SMMEs either had sufficient training, which helps employee engagement and they do support healthy and safe work conditions.

4.3.8 Supportive Colleagues Results

Figure 4.16 below shows the results of the respondents to the following statements,

Statement 1: My team members support and encourage me.
Statement 2: I support and encourage my colleagues.
Statement 3: My colleagues care about me as a person.
Statement 4: I know where my part of work fits in with the whole team.

Figure 4.16 below gives a graphic depiction of the responses to the above statements.

Figure 4.16 shows that it was significant that 59% of the respondents agreed with Statement One, that their team members supported and encouraged them, with 18% strongly agreeing with this statement. It was only 4% who disagreed with the statement while 19% remained neutral on this statement.

Statement Two showed 68% of the respondents said that they supported and encouraged their colleagues, while 18% strongly agreed with the statement. There
were 12% of respondents who remained neutral, with only 2% of respondents saying that they did not support their colleagues.

Figure 4.16: Supportive Colleagues responses

<table>
<thead>
<tr>
<th>Statement</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement 1</td>
<td>4</td>
<td>19</td>
<td>59</td>
<td>2</td>
</tr>
<tr>
<td>Statement 2</td>
<td>2</td>
<td>12</td>
<td>68</td>
<td>18</td>
</tr>
<tr>
<td>Statement 3</td>
<td>2</td>
<td>16</td>
<td>66</td>
<td>16</td>
</tr>
<tr>
<td>Statement 4</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Statement Three as per Figure 4.16, revealed that 66% of respondents felt that their colleagues cared about them as a person, with 16% strongly agreeing with the statement. Only one of the respondents said that their colleagues did not care about them, while 16% remained neutral.

A high percentage of 94% of respondents said that they knew where their part of work fitted in with the whole team as per Statement Four. It was only 4% of respondents who either disagreed or strongly disagreed while this statement that they knew where their part of work fitted in with the whole team, with one of the respondents choosing to remain neutral.

The support and care of each other between colleagues clearly does exist within the employees in SMMEs. This is good as it promotes a healthy environment and employee engagement. It is also encouraging that a significant 94% of respondents knew where their work fitted in the whole team as this promotes team-work and in turn promotes employee engagement.
4.3.9 Job Security Results

Job security and stability is highlighted as one of the important factors that influence the engagement of employees. Below are the statements that respondents selected from for the researcher to investigate the level of job stability within the SMME environment.

Statement 1: I often consider looking for another job.
Statement 2: It is not easy for me to lose my job.
Statement 3: The Company I work for is achieving sustainable growth.
Statement 4: My Company often recruits people from outside whilst there are people inside who qualify.

Figure 4.17: Job Security responses

Figure 4.17 shows that 23% decided to be neutral on whether they often considered looking for another job. Seventy-one percent of the respondents said that they often considered looking for another job, with only 6% of respondents who disagreed with the statement.

In Statement Two a total of 27% of respondents either agreed or strongly agreed that their company was achieving sustainable growth, while 20% chose to remain neutral, with a significant 53% either disagreeing or strongly disagreeing with the statement.

A substantial percentage of 86% of the respondents said that the company they worked for achieved sustainable growth, with only one of respondents disagreeing with this statement and 12% chose to remain neutral.
On Statement Four, 76% of respondents felt that their company recruited people from outside the organisation whilst there were internal employees who qualified. Only 6% of respondents said that the latter did not happen whilst 18% remained neutral.

The results on job security pose as a threat to the stability of SMMEs as results showed that 71% of SMME employees often look for other jobs. It is also a concern that 76% felt their company prioritised recruiting from outside, as this could negatively affect talent retention. However there were 86%, who said their company achieved sustainable growth.

4.3.10 Job Satisfaction Results

The literature review in Chapter Two revealed that Job Satisfaction is an important element in ensuring that employees are engaged.

Statement 1: I am happy with what I do at work.  
Statement 2: I am committed to good customer service.  
Statement 3: My job affords me an opportunity to achieve work life balance.  
Statement 4: I always strive to exceed what is expected of me.

Figure 4.18 below gives a graphic depiction of the responses to the above statements.

Figure 4.18 reveals that 59% of respondents were happy with what they did at work, while 12% said that they were not happy with what they did and a significant 29% of respondents decided to remain neutral.

On Statement Two significantly, 86% of respondents said that they were committed to good customer service, with only one saying they are not committed to customer service and 12% deciding to remain neutral.

It was only 41% of respondents who responded that their work afforded them the opportunity to achieve a work/life balance. However, 31% of respondents disagreed with the statement and 28% decided to be neutral on statement three.
Altogether 67% of respondents agreed that they always strove to exceed what was expected of them; with 29% of respondents deciding to be neutral and only 4% replying that they did not always strive to exceed what was expected of them.

**Figure 4.18: Job Satisfaction responses**

The area of concern with the results on job satisfaction is the 31%, who said they did not achieve work/life balance, and the 29% who decided to remain neutral on this question. It is good to see though, that 86% have shown commitment to good customer service.

### 4.3.11 Employee Value Proposition Results

The employee value proposition has been highlighted by a number of authors as an important factor in achieving employee engagement.

Statement 1: *I receive regular training that develops me.*
Statement 2: *I receive regular recognition for my outstanding performance.*
Statement 3: *I am rewarded fairly for my work.*
Statement 4: *I am productive as a result of values/rewards offered to me.*

The graph in Figure 4.19 below shows that 61% agreed that they received regular training that developed them, with 24% saying that the latter did not happen, while 15% of respondents decided to be neutral on this statement.
Fifty-one percent responded that they received regular recognition for outstanding performances, but 30% felt that they did not receive regular recognition for their outstanding performance with 19% deciding to remain neutral.

Statement Three’s results showed that 51% of respondents felt that they were rewarded fairly for their work, with 35% feeling that they were not rewarded enough while 14% decided to be neutral on this statement.

The response to Statement Four revealed that 61% felt that they were productive because of the rewards offered to them, while 31% disagreed and 8% of respondents decided to remain neutral.

The overall response to the employee value proposition is a concern as one of the purposes of the employee value proposition is to retain employees and to improve employee engagement.

4.4 VALIDITY AND RELIABILITY

Validity of this research has been measured through the analysis of correlation of variance, standard deviation that determines the skewness of the data and Box &
Whisker plots showing the distribution of the factors. Standard deviation is a useful tool used to measure the consistency of the data.

4.4.1 Box & Whisker plots showing the distribution of the factors

Figure 4.20 below is the box plot that shows the degree of the skewness of data. It is clear from the below graph that a number of responses are either positively or negatively skewed, with only Job Security and Revenue Transparency responses showing slightly symmetrical responses about the median, upper quartile and lower quartile.

Figure 4.20: Box & Whisker plots

This means that for Job Security and Revenue Transparency, half of the respondents fell on one side on the median and the other half fell on the other side of the median.
4.4.2 Reliability

Cronbach’s alpha was used to assess the reliability of the questions as it is the most commonly used reliability tool, especially when a Likert scale is used. The statistical test was conducted, with the assistance of the statistician, to conduct an assessment of the statements in the questionnaire and also measure each factor in the questionnaire.

The Cronbach’s alpha there was a target was valued at 0.6, which means fair reliability while a Cronbach’s alpha of 0.70 or higher would be considered highly acceptable.

4.4.3 Cronbach’s alpha results

Table 4.1 is the statistical results of the Cronbach’s alpha for both the variables and the statements in each variable.

Based on the information in Table 4.1 below the Cronbach’s alpha of both Continuous Improvement and Job Security are below the required standards, with Continuous improvement at 0.46 and Job Security at 0.42. These results could be attributed to a number of reasons. It might be that the respondents did not understand the concept of continuous improvement or because the way in which the questions were structured was such that the respondents understood them differently.

The rest have Cronbach’s alpha values ranging from 0.69 to 0.96 which means the elements measured are reliable in relation to each other.

Looking at the ‘alpha if delete’ of each variable, it is only Leadership and Management that have a higher jump of alpha from 0.85 to 0.94 if statement four were to be deleted, although 0.85 is still a good score. With regard to the rest of the variables there is a small margin of 0.01 or 0.02 on the ‘alpha if delete’.
Table 4.1 Cronbach's alpha results

<table>
<thead>
<tr>
<th>CONTINUOUS LEARNING</th>
<th>REVENUE TRANSPARENCY</th>
<th>JOB SECURITY (Items 1 and 4 reversed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach alpha: 0.46</td>
<td>Cronbach alpha: 0.94</td>
<td>Cronbach alpha: 0.42</td>
</tr>
<tr>
<td>Average inter-item corr.: 0.20</td>
<td>Average inter-item corr.: 0.79</td>
<td>Average inter-item corr.: 0.13</td>
</tr>
<tr>
<td>ContLearn1</td>
<td>RevTransp1</td>
<td>JobSec1r</td>
</tr>
<tr>
<td>0.14</td>
<td>0.84</td>
<td>0.32</td>
</tr>
<tr>
<td>0.48</td>
<td>0.92</td>
<td>0.25</td>
</tr>
<tr>
<td>ContLearn2</td>
<td>RevTransp2</td>
<td>JobSec2</td>
</tr>
<tr>
<td>0.28</td>
<td>0.87</td>
<td>0.37</td>
</tr>
<tr>
<td>0.36</td>
<td>0.91</td>
<td>0.16</td>
</tr>
<tr>
<td>ContLearn3</td>
<td>RevTransp3</td>
<td>JobSec3</td>
</tr>
<tr>
<td>0.28</td>
<td>0.92</td>
<td>0.07</td>
</tr>
<tr>
<td>0.38</td>
<td>0.89</td>
<td>0.47</td>
</tr>
<tr>
<td>ContLearn4</td>
<td>RevTransp4</td>
<td>JobSec4r</td>
</tr>
<tr>
<td>0.37</td>
<td>0.77</td>
<td>0.17</td>
</tr>
<tr>
<td>0.30</td>
<td>0.94</td>
<td>0.40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEADERSHIP STYLE</th>
<th>MANAGEMENT OF INNOVATION</th>
<th>JOB SATISFACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach alpha: 0.77</td>
<td>Cronbach alpha: 0.92</td>
<td>Cronbach alpha: 0.83</td>
</tr>
<tr>
<td>Average inter-item corr.: 0.48</td>
<td>Average inter-item corr.: 0.76</td>
<td>Average inter-item corr.: 0.57</td>
</tr>
<tr>
<td>LeadStyle1</td>
<td>ManInnov1</td>
<td>JobSat1</td>
</tr>
<tr>
<td>0.43</td>
<td>0.92</td>
<td>0.68</td>
</tr>
<tr>
<td>0.78</td>
<td>0.88</td>
<td>0.78</td>
</tr>
<tr>
<td>LeadStyle2</td>
<td>ManInnov2</td>
<td>JobSat2</td>
</tr>
<tr>
<td>0.71</td>
<td>0.62</td>
<td>0.56</td>
</tr>
<tr>
<td>0.63</td>
<td>0.94</td>
<td>0.83</td>
</tr>
<tr>
<td>LeadStyle3</td>
<td>ManInnov3</td>
<td>JobSat3</td>
</tr>
<tr>
<td>0.57</td>
<td>0.92</td>
<td>0.69</td>
</tr>
<tr>
<td>0.71</td>
<td>0.88</td>
<td>0.78</td>
</tr>
<tr>
<td>LeadStyle4</td>
<td>ManInnov4</td>
<td>JobSat4</td>
</tr>
<tr>
<td>0.58</td>
<td>0.93</td>
<td>0.74</td>
</tr>
<tr>
<td>0.71</td>
<td>0.88</td>
<td>0.76</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LEADERSHIP &amp; MANAGEMENT</th>
<th>WORKING CONDITIONS &amp; POLICIES</th>
<th>EMPLOYEE VALUE PROPOSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach alpha: 0.85</td>
<td>Cronbach alpha: 0.94</td>
<td>Cronbach alpha: 0.96</td>
</tr>
<tr>
<td>Average inter-item corr.: 0.67</td>
<td>Average inter-item corr.: 0.82</td>
<td>Average inter-item corr.: 0.87</td>
</tr>
<tr>
<td>Lead&amp;Man1</td>
<td>WrkCond&amp;Pol1</td>
<td>EmplValProp1</td>
</tr>
<tr>
<td>0.84</td>
<td>0.84</td>
<td>0.80</td>
</tr>
<tr>
<td>0.74</td>
<td>0.94</td>
<td>0.98</td>
</tr>
<tr>
<td>Lead&amp;Man2</td>
<td>WrkCond&amp;Pol2</td>
<td>EmplValProp2</td>
</tr>
<tr>
<td>0.78</td>
<td>0.95</td>
<td>0.95</td>
</tr>
<tr>
<td>0.77</td>
<td>0.89</td>
<td>0.93</td>
</tr>
<tr>
<td>Lead&amp;Man3</td>
<td>WrkCond&amp;Pol3</td>
<td>EmplValProp3</td>
</tr>
<tr>
<td>0.80</td>
<td>0.87</td>
<td>0.94</td>
</tr>
<tr>
<td>0.76</td>
<td>0.92</td>
<td>0.93</td>
</tr>
<tr>
<td>Lead&amp;Man4</td>
<td>WrkCond&amp;Pol4</td>
<td>EmplValProp4</td>
</tr>
<tr>
<td>0.43</td>
<td>0.81</td>
<td>0.92</td>
</tr>
<tr>
<td>0.94</td>
<td>0.94</td>
<td>0.94</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WORKING CONDITIONS</th>
<th>SUPPORTIVE COLLEAGUES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach alpha: 0.69</td>
<td>Cronbach alpha: 0.86</td>
<td></td>
</tr>
<tr>
<td>Average inter-item corr.: 0.37</td>
<td>Average inter-item corr.: 0.64</td>
<td></td>
</tr>
<tr>
<td>WorkCond1</td>
<td>SuppColl1</td>
<td></td>
</tr>
<tr>
<td>0.53</td>
<td>0.74</td>
<td></td>
</tr>
<tr>
<td>0.59</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>WorkCond2</td>
<td>SuppColl2</td>
<td></td>
</tr>
<tr>
<td>0.36</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>0.70</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>WorkCond3</td>
<td>SuppColl3</td>
<td></td>
</tr>
<tr>
<td>0.57</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>0.56</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>WorkCond4</td>
<td>SuppColl4</td>
<td></td>
</tr>
<tr>
<td>0.47</td>
<td>0.58</td>
<td></td>
</tr>
<tr>
<td>0.63</td>
<td>0.88</td>
<td></td>
</tr>
</tbody>
</table>
4.5 DESCRIPTIVE STATISTICS OF VARIABLE RESPONSES

Table 4.2 reveals the descriptive statistics results of the variables of the study. The results show the mean, the median, standard deviation and the skewness of the respondents’ responses.

Table 4.2: Descriptive statistics of research variables

<table>
<thead>
<tr>
<th>Descriptive Statistics of the factors</th>
<th>Valid N</th>
<th>Mean</th>
<th>Median</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Std.Dev.</th>
<th>Skewness</th>
<th>Interpretation of mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONT_LEARN</td>
<td>51</td>
<td>3.91</td>
<td>4.00</td>
<td>2.50</td>
<td>5.00</td>
<td>0.57</td>
<td>0.22</td>
<td>High</td>
</tr>
<tr>
<td>LEAD_STYLE</td>
<td>51</td>
<td>3.81</td>
<td>4.00</td>
<td>2.25</td>
<td>5.00</td>
<td>0.52</td>
<td>-0.58</td>
<td>High</td>
</tr>
<tr>
<td>LEAD_MAN</td>
<td>51</td>
<td>3.70</td>
<td>4.00</td>
<td>1.75</td>
<td>5.00</td>
<td>0.78</td>
<td>-0.70</td>
<td>High</td>
</tr>
<tr>
<td>WORK_COND</td>
<td>51</td>
<td>3.69</td>
<td>3.75</td>
<td>1.00</td>
<td>5.00</td>
<td>0.70</td>
<td>-1.07</td>
<td>High</td>
</tr>
<tr>
<td>REV_TRANSP</td>
<td>51</td>
<td>3.26</td>
<td>3.25</td>
<td>1.00</td>
<td>5.00</td>
<td>1.04</td>
<td>-0.13</td>
<td>Average</td>
</tr>
<tr>
<td>MAN_INNOV</td>
<td>51</td>
<td>2.91</td>
<td>2.60</td>
<td>1.00</td>
<td>5.00</td>
<td>1.03</td>
<td>0.24</td>
<td>Average</td>
</tr>
<tr>
<td>WRKCOND_POL</td>
<td>51</td>
<td>4.17</td>
<td>4.00</td>
<td>2.00</td>
<td>5.00</td>
<td>0.64</td>
<td>-0.58</td>
<td>High</td>
</tr>
<tr>
<td>SUPP_COLL</td>
<td>51</td>
<td>4.01</td>
<td>4.00</td>
<td>2.00</td>
<td>5.00</td>
<td>0.57</td>
<td>-0.44</td>
<td>High</td>
</tr>
<tr>
<td>JOB_SEC</td>
<td>51</td>
<td>2.12</td>
<td>2.00</td>
<td>1.00</td>
<td>3.67</td>
<td>0.72</td>
<td>0.14</td>
<td>Low</td>
</tr>
<tr>
<td>JOB_SAT</td>
<td>51</td>
<td>3.68</td>
<td>3.75</td>
<td>1.00</td>
<td>5.00</td>
<td>0.78</td>
<td>-0.70</td>
<td>High</td>
</tr>
<tr>
<td>EMPL_VAL_PROP</td>
<td>51</td>
<td>3.22</td>
<td>3.75</td>
<td>1.00</td>
<td>5.00</td>
<td>1.20</td>
<td>-0.54</td>
<td>Average</td>
</tr>
</tbody>
</table>

Table 4.2 shows a healthy environment where the mean and median results are high with a healthy skewness for Continuous Improvement, Leadership Style, Leadership and Innovation, Working Conditions and Policies, Supportive Colleagues and Job Satisfaction. It is only with Job Security that responses of respondents proved to have a low average mean at 2.12, meaning the choices of respondents leaned mostly towards the disagreement side.

4.6 COHEN’S D MEAN SCORES ON YEARS IN COMPANY

The Table 4.3 below measured the impact that the length of service of the respondents had on the responses they chose.

Cohen’s d is an effect size used to indicate the standardised difference between two means. Due to the sample size, it is the Continuous Learning that shows a medium relationship with the number of years employees have been in a company, with a Cohen’s d value of 0.56, at a significance level of 10%,
The statistical conclusion that is evident from Table 4.3 is that there is a medium relationship between Work Conditions and Policies and Number of Years the respondents have been employed in the company with a Cohen’s d value of 0.55 at a significance level of 10%.

This means the longer the employees work in the company the more they embrace the working conditions and continuous improvement. However it has to be highlighted that the final conclusion cannot be reached on other variables for the Cohen’s d due to the sample size.

### 4.7 HYPOTHESIS TESTING

The data below shows which hypotheses can be accepted or rejected. The test is a form of testing two statements that are mutually exclusive to each other to determine which statement best describes the population (Collis and Hussey 2009:201)

#### 4.7.1 Gender comparisons in terms of the mean scores

The first test is whether gender type has an impact on response choices. This means the test was whether the Gender the respondents belong in had any impact on the choices they have selected on the questionnaire.
Table 4.4: Gender mean score comparisons

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Mean</th>
<th>t-value</th>
<th>df</th>
<th>p</th>
<th>Valid N</th>
<th>Valid N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td></td>
<td></td>
<td></td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>CONT_LEARN</td>
<td>3.93</td>
<td>3.90</td>
<td>0.22</td>
<td>49</td>
<td>0.8299</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>LEAD_STYLE</td>
<td>3.85</td>
<td>3.78</td>
<td>0.52</td>
<td>49</td>
<td>0.6056</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>LEAD_MAN</td>
<td>3.69</td>
<td>3.71</td>
<td>-0.06</td>
<td>49</td>
<td>0.9511</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>WORK_COND</td>
<td>3.68</td>
<td>3.70</td>
<td>-0.08</td>
<td>49</td>
<td>0.9348</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>REV_TRANSP</td>
<td>3.18</td>
<td>3.33</td>
<td>-0.49</td>
<td>49</td>
<td>0.6240</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>MAN_INNOV</td>
<td>2.85</td>
<td>2.96</td>
<td>-0.35</td>
<td>49</td>
<td>0.7251</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>WRKCOND_POL</td>
<td>4.10</td>
<td>4.22</td>
<td>-0.67</td>
<td>49</td>
<td>0.5044</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>SUPP_COLL</td>
<td>4.13</td>
<td>3.92</td>
<td>1.26</td>
<td>49</td>
<td>0.2138</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>JOB_SEC</td>
<td>2.15</td>
<td>2.09</td>
<td>0.29</td>
<td>49</td>
<td>0.7733</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>JOB_SAT</td>
<td>3.65</td>
<td>3.70</td>
<td>-0.23</td>
<td>49</td>
<td>0.8202</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>EMPL_VAL_PROP</td>
<td>3.20</td>
<td>3.22</td>
<td>-0.06</td>
<td>49</td>
<td>0.9545</td>
<td>22</td>
<td>29</td>
</tr>
</tbody>
</table>

$H_a$ : There is a difference on responses based on gender

$H_o$ : There is no difference on responses based on gender

t > 0.05 for all variables

It is clear looking at Table 4.4 above, since all the “p” values for all variables are greater than 0.05, that there is insufficient evidence to reject the null Hypothesis. This means that there is no significant difference on the respondents’ responses based on gender. This means both males and females think the same regarding employee engagement.

4.7.2 HYPOTHESIS ANALYSIS BETWEEN VARIABLES

Table 4.5 shows the results of the correlations of the variables. This table enables the researcher to conclude on the type of relationships that exist between the variables that were identified as affecting the employee engagement:

$H_{a1}$ : There is a relationship between Leadership Style and Continuous Learning

$H_{o1}$ : There is no relationship between Leadership Style and Continuous Learning

P 0.395 > 0.05
The conclusion can be reached that there is a moderate relationship between Continuous Learning and Leadership Style.

**Table 4.5: Correlations amongst the factors**

<table>
<thead>
<tr>
<th>Marked correlations (in red) are significant at p &lt; .05</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONT_LEARN</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>CONT_LEARN</td>
</tr>
<tr>
<td>LEAD_STYLE</td>
</tr>
<tr>
<td>LEAD_MAN</td>
</tr>
<tr>
<td>WORK_COND</td>
</tr>
<tr>
<td>REV_TRANSP</td>
</tr>
<tr>
<td>MAN_INNOV</td>
</tr>
<tr>
<td>WRKCOND_POL</td>
</tr>
<tr>
<td>SUPP_COLL</td>
</tr>
<tr>
<td>JOB_SEC</td>
</tr>
<tr>
<td>JOB_SAT</td>
</tr>
<tr>
<td>EMPL_VAL_PROP</td>
</tr>
</tbody>
</table>

**H_{a2}: There is a relationship between Continuous Learning and Leadership Management**

**H_{o2}: There is no relationship between Continuous Learning and Leadership Management**

P 0.565 > 0.05

The conclusion can be reached that there is a firm relationship between continuous learning and leadership management.

**H_{a3}: There is a relationship between Leadership Management and Leadership Style**

**H_{o3}: There is no relationship between Leadership Management and Leadership Style**

P 0.675 > 0.05

The conclusion can be reached that there is a strong relationship between leadership management and leadership style.

**H_{a4}: There is a relationship between Working Conditions and Leadership Management**
\( H_{o4} \): There is no relationship between Working Conditions and Leadership Management

\( P \ 0.290 > 0.05 \)

The conclusion with can be reached that there is a weak relationship between working conditions and leadership management

\( H_{a5} \): There is a relationship between Continuous Learning and Revenue Transparency

\( H_{o5} \): There is no relationship between Continuous Learning and Revenue Transparency

\( P \ 0.683 > 0.05 \)

The conclusion can be reached that there is firm relationship between continuous learning and revenue transparency

A summary of conclusions that have been reached at the 5% significance level based on Table 4.5 above shows that there is a moderate relationship between Leadership Style and Revenue Transparency with a correlation coefficient of 0.489.

A strong relationship exists between Leadership Management and Revenue Transparency at a correlation coefficient of 0.714 at the 5% significance level.

A mutual relationship is also evident between Working Conditions and Revenue Transparency, with a 0.577 correlation coefficient, with 5% significance.

There is a strong relationship between Continuous Learning and Management Innovation, with a correlation of 0.700 which is statistically significant at the 5% level.

Management Innovation has a significant relationship with the following variables, Leadership Style at a correlation of 0.616, Leadership and Management at a correlation of 0.671, and Revenue Transparency at a correlation of 0.80. These are all statistically significant at the 5% confidence level.

Working Conditions and Policies have a moderate statistical relationship with Continuous Learning at a correlation of 0.361 at a 5% level of confidence. Policies, however,
ever, have a stronger relationship with Working Conditions with a correlation of 0.580 at the 5% level of confidence.

Supportive colleagues have a moderate statistical relationship with working conditions at a correlation of 0.456, at a significance level of 5%.

Job security has a moderate statistical relationship with the following variables. This is where the correlation coefficient is less than 0.50. The variables are: Leadership style with a correlation of 0.425, Leadership and Management with a correlation of 0.494, Working Conditions at 0.308 and Revenue Transparency with a correlation of 0.430. Job Security showed a correlation of 0.425 with Leadership Style. Job Security has a slightly stronger statistical relationship with Management Innovation, however, with a correlation of 0.527 at a 5% confidence level.

Table 4.5 further shows that Job Satisfaction has a statistically significant relationship with Working Conditions at a 0.707 correlation, Revenue Transparency at 0.608 correlation, Management Innovation at 0.590 correlation, Continuous Learning at a 0.538 correlation and Job Security at 0.508 correlation, all at a significance level of 5%. Job satisfaction has a statistically moderate relationship at a significance level of 5%, with Working Conditions and Policies at 0.401 correlation, Supportive Colleagues at 0.455 correlation and Leadership Management at 0.319 correlation.

Employee Value Proposition has a strong statistical relationship with a number of variables. This is where the correlation coefficient is higher than 0.50. Employee Value Proposition has a strong relationship with: Leader and Management with a correlation of 0.726, Management Innovation with a correlation of 0.722, Revenue Transparency with a correlation of 0.720, Job security with a correlation of 0.556, Leadership Style with a correlation of 0.546 and Job Satisfaction with a correlation of 0.536. Employee Value Proposition has, however, a moderate statistical relationship with Continuous Learning, with a correlation of 0.485 and again a moderate statistical relationship is evident between Employee Value Proposition and Working Conditions at 0.318 correlation. All the above are at the 5% level of confidence.
4.8 CONCLUDING REMARKS

This chapter narrated, interpreted and discussed the results following the quantitative research methodology which was explained in Chapter Three. This chapter analysed in detail the data collected, making use of inferential, descriptive statistics and hypotheses. Only the SMMEs in retail and service industry were used for this research, as there are very few SMMEs that fall under manufacturing in the Buffalo City Area, and those that were available in the Buffalo City Area are not easily accessible.

This chapter first discussed the demographics of the sample, where it is clear that the majority of the SMMEs employees belong under the youth category, one of the reasons why employee engagement is an important element to nurture. The discussion of responses to the questions related to the variables of employee engagement in section B, in percentage form, proved clearly that the companies that formed part of study were not far from achieving engagement from those employed. This is due to the high number of positive responses, which were established by the questionnaire. The reliability and the validity tests supported the validity and reliability of the questionnaire items. The hypothesis tests proved a number of strong and moderate relationships between the variables, with very few weak relationships.

The following chapter will draw up conclusions by comparing the empirical results from Chapter Four, with the literature reviewed in Chapter Two. Recommendations on how employee engagement can be achieved, based on the empirical evidence, will also be discussed in the following Chapter.
CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter Four presented the research findings obtained from the data collected through the quantitative methodology explained in detail in Chapter Three. The quantitative data gathering was conducted in the form of a questionnaire accompanied by a covering letter and was distributed amongst the SMMEs in the Buffalo City Area, specifically King William’s Town Retail stores, Mdantsane Retail stores, Mdantsane Construction Company, Cleaning Company in Mdantsane and King William’s Town and a Petrol Station (Caltex) in Mdantsane.

The research was conducted on companies with proven track records. These companies have been operational for longer than four years and they have an employee complement of more than five.

The primary objective of the research, as outlined in Chapter One, was to identify factors that affect employee engagement in the Small Medium and Micro Enterprises (SMME) in the Buffalo City Area. The secondary objective of the research was to make final recommendations on the factors that influence employee engagement.

This chapter will address the primary and the secondary objectives of the research by considering both the literature reviewed and the primary research that was conducted through the questionnaires. Finally, conclusions will be drawn on factors influencing employee engagement, specifically in the Buffalo City Area.

5.2 MAIN CONCLUSIONS

The main conclusions will be discussed in the next section

5.2.1 Summary of Relationships between Variables

The following conclusions, at the 95% confidence level, were established with regard to the relationships, which exist between the variables associated with employee engagement.
There is a moderate relationship between Continuous Learning and Leadership Style.

There is a strong relationship between Leadership Management and Leadership Style.

There is a weak relationship between Working Conditions and Leadership Management.

There is a strong relationship between Continuous Learning and Revenue Transparency.

There is a moderate relationship between Leadership Style and Revenue Transparency.

A strong relationship exists between Leadership Management and Revenue Transparency.

A strong relationship is also evident between Working Conditions and Revenue Transparency.

There is a strong relationship between Continuous Learning and Management Innovation.

Management Innovation has Strong Relationships with Leadership and Management and Revenue Transparency.

Working Conditions and Policies have a moderate statistical relationship with Continuous Learning.

Supportive Colleagues have a moderate statistical relationship with Working Conditions and Policies.

Job Security has a moderate relationship with a number of variables. Moderate relationships exist between Job Security and Leadership Style, Leader and Management, Working Conditions and Revenue Transparency. Job Security has, however, a strong relationship with Management Innovation.
Job Satisfaction has a strong relationship with Continuous Learning, Working Conditions, Revenue Transparency, Management Innovation and Job Security. Job Satisfaction has a moderate relationship with Leadership Management, Working Conditions and Policies, and Supportive Colleagues.

Employee Value Proposition has a strong statistical relationship with a number of variables. It relates strongly with Leader and Management, Revenue Transparency and Job Security. Employee Value Proposition has, however, only a moderate statistical relationship with Continuous Learning and Working Conditions.

It is clear from the above that these variables do not exist in isolation. There is interdependence amongst the variables so it is important that managers take cognisance of this and ensure that all or a majority of the variables are present and practised in the work place for employee engagement to be achieved. Literary confirmation of some of the variables to be considered for employee engagement is where Dubrin says that the key to employee engagement is the link between leadership, motivation, coaching and employee engagement (Dubrin 2013: 205).

5.3 THE OUTCOMES OF EMPLOYEE ENGAGEMENT AS RESEARCHED VERSUS LITERATURE REVIEWED

Employee engagement is given different definitions by different authors. Bhuvanaiah and Raya cite the Kenexa Work Trends Report (2012) (cited by Bhuvanaiah and Raya 2014) explaining employee engagement as the extent to which employees are motivated to contribute to organisational success and are willingly applying their efforts to accomplish organisational goals (Bhuvanaiah and Raya 2014:65). Dubrin says that engagement is the employees’ commitment and willingness to stay in the company they work for and to deliver beyond what is expected of them (Dubrin 2013: 205).

Based on the literature reviewed, the variables that affect employee engagement are: the Nature of Continuous Learning, Revenue Transparency, Employee Value Proposition, Job Satisfaction, Leadership Style, Equitable Rewards, Supportive Col-

5.3.1 Employee engagement and supportive colleagues

The research in this study established that support from colleagues is an important factor in employee engagement, with 76.5% of the respondents saying that they supported their colleagues. Such a relationship between co-workers is emphasised by Shuck et al. where the co-worker relationship is one of the three themes that have been highlighted as a requirement to employee engagement (Shuck et al. 2011: 312). The interpersonal relationship amongst the colleagues within the successful SMMEs studied can be concluded to be a healthy one.

5.3.2 Continuous improvement and employee engagement

Regarding opportunities for learning, as argued by Shuck et al., 62.7% of the respondents said that they learned something new every six months. This shows there is an element of continuous learning that exists in SMMEs in the Buffalo City Area (Shuck et al. 2011: 312). It is, however, a concern that there were 29.3% of respondents who felt they did not learn anything new every six months. The latter are the employees who are likely to leave the company and go and look for jobs elsewhere.

5.3.3 Employee engagement and leadership

The critical role played by leadership in employee engagement is highlighted by Gallup’s argument that says, regardless of regional or cultural differences, managers have a significant influence on employee engagement and well-being, and that the level of employee engagement will in turn have a significant influence on the organisation’s bottom line results (Gallup 2013: 47). This research supported this in that leadership in the SMMEs is significant in influencing the well-being of employees with a significant 84.3% agreeing that their managers provided them with a clear
A substantial percentage of 72.5% of respondents felt that their managers helped them to remove obstacles in their work. The high percentages indicated above, underscore the crucial role played by management and leadership in the success of the organisation.

5.3.4 Working conditions and employee engagement

Salanova et al. argue that employees become more engaged when they feel that an organisation’s training programmes assist in removing obstacles from their work (Salanova et al. 2005:1221). The latter statement is confirmed by the 76.4% of respondents who stated that training on the job was good. Regarding occupational health and safety, it was clear that a focus is put on ensuring that staff had adequate training in occupational health and safety programmes, with 78.5% of the respondents confirming that they had adequate training and 88.3% of respondents saying that they always ensured compliance with safety standards. Significantly, 92.2% of respondents felt that they worked in a safe and healthy environment.

The importance of a focus on healthy work conditions is confirmed by Tuckey et al. in their argument that work engagement is associated with factors that promote safe and healthy work conditions (Tuckey et al. 2012:23). Healthy work conditions, according to these authors, include: frequent exercise, good sleep, non-smoking designated areas, low job demands, low physical workload, and high task resources. These are said to enhance the employees’ positive state of work engagement (Tuckey et al. 2012:23).

5.4 AREAS OF IMPROVEMENT AS PER THE RESEARCH CONDUCTED

The following discussion is on the areas that need special attention and these are the areas that can take the SMMEs from ‘good to great’. Improvement in these areas is critical as they pose a potential threat to the success of the SMMEs because, if left unattended, they could result in employee disengagement. High turnover could be as a result of employee’s disengagement, as postulated by Hewett (2013:6).
5.4.1 Listening to the ideas of employees

Listening to the ideas of the employees will help to avoid intellectual waste. The majority of the respondents in this study fell within the young adult category, i.e. below the age of 35 years. It is a great concern that 45.1% of respondents said that their ideas were not listened to, with 19.1% choosing to remain neutral. Management needs to revisit the implementation of innovations in the SMMEs as part of continuous improvement initiatives. These involve listening to, and then implementing, staff ideas. This should assist in ensuring that the employees do not feel that they do not add value to the company. It is further alarming that 64.7% of the respondents said that they were never asked for their opinions. Wu states that innovation means solving the economic problem by improving on existing knowledge. An innovative idea is regarded as innovative only if it can result in accelerated growth with revenue generation and ideas that are not easy to copy (Wu 2014:61).

It is important for the SMMEs to improve on the trust they have amongst their employees as this will assist them in making effective use of the intellectual contributions of the staff.

5.4.2 Revenue transparency and profitability team discussions

It is alarming that 50.9% of the respondents did not know the profitability of their company, with 56.8% of the respondents saying that they were not aware of the financial position of their company. Significantly, 51% of respondents said that they were not aware of the financial contribution they brought to the company. It is clear from the above percentages that there is a gap in revenue discussions and awareness creation amongst staff. The bottom line of the business is to make profits. Lack of discussion around profits might result in employees being demotivated, as they do not know whether they are adding value to the bottom line. Ojokuku et al. (2012) (cited in Cunningham et al. 2015) argue that the leadership motivation level will have a direct impact on the level of team members’ motivation towards the execution of their
duties, and the motivation levels of the teams will determine whether the organisational goals are achieved (Cunningham et al. 2015: 25).

The recommendation is, therefore, that there should be revenue discussions at least once a week. These discussions can be incorporated into the action planning discussions that take place, either with the group or with the individuals. It is critical that each individual understands the impact of their non-performance on the overall profitability of the company.

5.4.3 Make employees feel secured in their jobs

It is a concern that 70.6% of the respondents often consider looking for other jobs. This is a threat to the SMMEs as this can result in a high staff turnover leading to the SMMEs’ spending more money on training and always having inexperienced staff. The latter is also evident in the research results, where 68.6% of respondents had been at their place of employment for less than five years. The lack of formal management style was discovered by Matlay (1999:291). The study conducted by Matlay on the business owners of micro-businesses demonstrated that business owners of micro-businesses tend to exhibit highly informal management styles and employee relations also appear to follow informal styles (1999:291). Such an informal management style is a concern, as Matlay further says that an informal management style can be a threat to business success, as there are high chances that there is an absence of strategic management when the informal management style is followed (1999:291).

The recommendation is for the SMMEs to relook at their job structure, to find exactly why employees feel their jobs are insecure. They also need to try and identify the actions that might result in employees feeling insecure, so that they can refrain from doing those actions.

Wilson argued that it is the responsibility of every manager to establish the talent centric culture of their team (2010:60). He said that business leaders need to engage their people and get their commitment in order to align them to the business objectives (Wilson 2010:61). Job security is important for the continuous growth and
maintenance of stability in the business. It is critical that the perception of employees on job security is improved.

5.4.4 Recruit from internal staff for higher position

SMMEs should start recruiting staff internally before appointing from outside. This is important for the enhancement of staff morale, for confidence and for loyalty towards their organisations. Dubrin said that employee engagement is the employees' commitment and willingness to stay in the company they work for and to deliver beyond what is expected of them (2013: 205). If staff sees no opportunities in the companies they work for, chances are that they will not be loyal to the company. As many as 76.5% of respondents felt that their company recruited people from outside, whilst there were internal employees who qualified. These respondents could possibly be directly linked to the 70.6% of respondents, who often consider looking for other jobs. Recruiting internally would not only boost the morale of the staff but would ensure stability and the achievement of sustainable growth in the business.

5.4.5 Work/life balance a concern

A work/life balance is important for SMMEs in Buffalo City, as 64.7% of respondents are single or are probably starting a family. That is the segment that mostly requires the work/life balance. It is a concern that 58.9% of respondents felt that their work did not afford them the opportunity to achieve a work/life balance. It is important for the people falling under the category of single parents to achieve a work/life balance. This argument is supported by Shuck et al., where the employees are regarded as having internal characteristics and external characteristics (2011:314). These are the reflections of their emotions, the family and other issues. When they are positive, an engaged employee will be the outcome, and when they are negative a disengaged employee will be the outcome (Shuck et al. 2011: 314).

The recommendation is for the introduction of flexible work practices in SMMEs. This would be advisable so as to ensure that employees are better at achieving a work/life balance. Sometimes SMMEs open for long hours and where a twelve hour
shift is worked at times. The shortening of work hours and in employees’ working shorter shifts and coming in to work more often, could lead to them spending more time with families.

5.4.6 Improvement on rewards and recognition of staff

Rewards and remuneration are regarded as one of the driving forces of employee engagement (Hewett 2013:24). A concern regarding the SMMEs is that 49% of the respondents stated they were not rewarded fairly for their work. Another 49% also said they did not receive regular recognition.

It is important for the staff to be regularly recognised. The results of the research proved that recognition is not at the level it is supposed to be. A morning meeting could be held at least once a week to recognise employees, who have exceeded the expectations of the company. These meetings could be used to motivate, recognise and reward the employees. Sometimes recognition of the employee does not have to involve a monetary reward, but a small token of appreciation, such as a small gift, could have an important impact on the motivation and engagement levels of the employees.

5.4.7 Regular training to take staff to the next level

It is important to make work exciting. When questioned, just over a third of the respondents (39.2%) said that they did not receive regular training. This is an area that needs special attention, as training allows employees to be empowered with skills so they can move to the next level. The youth, who are the majority of the employees in SMMEs, need companies who will develop them as they are in the developmental stages in terms of life. Hewett identifies three of the top engagement drivers as career opportunities, reputation, and pay (Hewett 2015: 24). Companies that do not focus on staff development will most probably lose them. This is because, without regular training, employees will be less empowered, therefore will have a slim chance of being considered for better career opportunities.
It is therefore important for the managers in SMMEs to consider the following recommendations as they will assist with employee engagement:

- Give employees challenging work, but most importantly they must support the employees through this process.
- Managers must take time to coach, support and guide their employees.
- Employees must be encouraged to find their own solutions for their problems, so they can deal with their problems in their own next time. This will assist in training employees to be independent.
- Employees must always be shown that the work that they do matters to others. If employees see the positive impact their work has on others, they will have much greater pride in the work they deliver.

5.5 OPPORTUNITIES FOR FURTHER RESEARCH

The research was conducted on existing businesses that are operational. A recommendation is for further study to be conducted on businesses that have failed. The focus of this further study should be on identifying the gaps in, or the level of their employee engagement. Such research should assist in confirming the level of employee engagement that existed in these organisations or if there was any prior to their collapse. This would not only assist in preventing the operational companies from making the same mistakes that the failed companies had made, but it would also assist those who aspire to be entrepreneurs to plan flawlessly for their business execution plans.

5.6 CONCLUSION

In conclusion, the primary objective of the research was to identify factors that affected employee engagement in the Small Medium and Micro Enterprises (SMMEs) in the Buffalo City Area and the secondary objective of the research was to make final recommendations on factors that influence employee engagement. The factors that were identified during research as factors affecting employee engagement in the Buffalo City SMMEs were: Continuous Learning, Leadership Style, Leadership Management, Working Conditions, Working Policies, Revenue Transparency, Employee
Value Proposition, Management Innovation, Job Security and Supportive Colleagues.

However there are factors that need additional attention. It was established during the research that the failure to implement such factors pose a threat towards the success of the engagement of the employees. These were: listening to the ideas of employees to avoid intellectual waste, which is one of the elements in the management of innovation. The revenue transparency profitability discussions should take place more frequently, this discussion is critically important to ensure the alignment of employee goals to those of the organisation. SMMEs should also attend to the improvement of job security, internal recruitment of staff for higher positions, work/life balance achievement, improvement of rewards and recognition of staff and regular training to take staff to the next level.
REFERENCE LIST


Salanova, M., Agut, S. and Peiró, J.M. 2005. Linking organisational resources and work engagement to employee performance and customer loyalty: the mediation of


ANNEXURE 1 QUESTIONAIRE MEASURING INSTRUMENT

Dear Respondent

I would appreciate if you can complete the questionnaire and return to me in 3 days from receipt. The questionnaire will aid me with the research required to complete an MBA degree with NNMU. Please note that the information provided will be treated as strictly confidential and only used for research purposes only. Please fax questionnaire to 0436043627 Thank you for taking your time to complete this questionnaire

SECTION A : BIOGRAPHICAL DETAILS

Please select the appropriate block by marking it with an “X”

<table>
<thead>
<tr>
<th>Company type</th>
<th>Manufacturing</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Age</td>
<td>&lt; 18 years</td>
<td>18-25 years</td>
</tr>
<tr>
<td>Relationship</td>
<td>Never married</td>
<td>In relationship</td>
</tr>
<tr>
<td>Ethnic group</td>
<td>Black</td>
<td>White</td>
</tr>
<tr>
<td>Position</td>
<td>Employee</td>
<td>Manager/Supervisor</td>
</tr>
<tr>
<td>Number of years in Company</td>
<td>Less than a year</td>
<td>1-5 years</td>
</tr>
<tr>
<td>Highest level of education</td>
<td>Less than Matric</td>
<td>Matric</td>
</tr>
</tbody>
</table>

SECTION B

Please rate your level of agreement with the following statements

<table>
<thead>
<tr>
<th>Continuous learning</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have the necessary skills and knowledge to perform my job</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>My development plan discussions enable me to meet my objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I learn something new every six months.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have an opportunity to do what I enjoy and do best daily.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership style</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------</td>
<td>----------</td>
<td>---------</td>
<td>-------</td>
<td>----------------</td>
</tr>
<tr>
<td>My manager provides a clear strategic purpose for the Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My manager/team leader helps me to get better in my job.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My manager/team leader helps me to remove the stumbling blocks to my performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management ensures that all employees understand the functions of other departments.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leadership and Management</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I know my purpose in the Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am always reminded of how I can make my Company successful.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how my job fits with the Vision and Mission of the Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My manager/team leader is a good listener.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Working Conditions</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I find my job interesting.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I achieve work life balance with ease.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training on the job is good.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical conditions are conducive for me to perform my job.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue Transparency</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I know my target on profitability of the Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am well aware of the current financial position of my Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am well aware of the financial contribution I bring to the Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am well aware of the financial implications of my non-performance to the Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management of innovation</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>My suggestions are listened to.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees’ intellectual capital is regarded as a value add by my Company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am asked for my opinion at times.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My opinions are listened to and implemented at times.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My manager/team leader ensures that I have sufficient resources to perform my duties.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Please rate your level of agreement with the following statements</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-------------------</td>
<td>----------</td>
<td>---------</td>
<td>-------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>Working conditions and policies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I had adequate safety training.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I always ensure compliance with safety standards.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am aware of safety and health hazards at work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I work in a safe and healthy environment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supportive colleagues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The team members support and encourage me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I support and encourage my colleagues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My colleagues care about me as a person.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know where my part of work fits in with the whole team.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Job Security</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I often consider looking for another job.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is not easy for me to lose my job.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company I work for is achieving sustainable growth.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My company often recruits people outside whilst there are people inside who qualify.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Job satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am happy with what I do at work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am committed to good customer service.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My job affords me an opportunity to balance work and personal life.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I always strive to exceed what is expected of me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee value proposition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I receive regular training that develops me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I receive regular recognition for my outstanding performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am rewarded fairly for my work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am productive as a result of values/rewards offered to me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ANNEXURE 2

QUESTIONNAIRE COVER LETTER

3 April 2016

Dear Respondent

Re: STUDY OF FACTORS AFFECTING ENGAGEMENT OF EMPLOYEES IN SMMEs IN BUFFALO CITY MUNICIPALITY

Completion of the Research is a requirement in order for me to meet the requirements for the Masters in Business Administration (MBA) at the Nelson Mandela Metropolitan University. I am currently conducting a research on the factors affecting the engagement of employees in Small medium micro enterprises (SMMEs) in the Buffalo City Municipality.

I would appreciate if you can complete the questionnaire and return it to me after 3 days of receipt. Please fax to 0436043627 or email to mlakalakandileka@gmail.com

Your valuable input is highly appreciated. I wish to assure that confidentiality will be highly maintained and your response will be used purely for Research purposes.

Yours Sincerely

Ndileka Mlakalaka (MBA Student) Dr Alan Weimann (Supervisor)
## Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Valid N</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Freq of mode</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Std.Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ContLearn1</td>
<td>51</td>
<td>4.33</td>
<td>4</td>
<td>5</td>
<td>23</td>
<td>3</td>
<td>5</td>
<td>0.68</td>
</tr>
<tr>
<td>ContLearn2</td>
<td>51</td>
<td>4.02</td>
<td>4</td>
<td>Multiple</td>
<td>19</td>
<td>1</td>
<td>5</td>
<td>0.99</td>
</tr>
<tr>
<td>ContLearn3</td>
<td>51</td>
<td>3.51</td>
<td>4</td>
<td>4</td>
<td>23</td>
<td>1</td>
<td>5</td>
<td>1.17</td>
</tr>
<tr>
<td>ContLearn4</td>
<td>51</td>
<td>3.78</td>
<td>4</td>
<td>4</td>
<td>30</td>
<td>2</td>
<td>5</td>
<td>0.78</td>
</tr>
<tr>
<td>LeadStyle1</td>
<td>51</td>
<td>3.94</td>
<td>4</td>
<td>4</td>
<td>43</td>
<td>1</td>
<td>5</td>
<td>0.61</td>
</tr>
<tr>
<td>LeadStyle2</td>
<td>51</td>
<td>3.75</td>
<td>4</td>
<td>4</td>
<td>33</td>
<td>1</td>
<td>5</td>
<td>0.80</td>
</tr>
<tr>
<td>LeadStyle3</td>
<td>51</td>
<td>3.78</td>
<td>4</td>
<td>4</td>
<td>33</td>
<td>2</td>
<td>5</td>
<td>0.61</td>
</tr>
<tr>
<td>LeadStyle4</td>
<td>51</td>
<td>3.76</td>
<td>4</td>
<td>4</td>
<td>33</td>
<td>2</td>
<td>5</td>
<td>0.65</td>
</tr>
<tr>
<td>Lead&amp;Man1</td>
<td>51</td>
<td>3.75</td>
<td>4</td>
<td>4</td>
<td>26</td>
<td>1</td>
<td>5</td>
<td>0.91</td>
</tr>
<tr>
<td>Lead&amp;Man2</td>
<td>51</td>
<td>3.88</td>
<td>4</td>
<td>4</td>
<td>31</td>
<td>1</td>
<td>5</td>
<td>0.82</td>
</tr>
<tr>
<td>Lead&amp;Man3</td>
<td>51</td>
<td>3.75</td>
<td>4</td>
<td>4</td>
<td>28</td>
<td>1</td>
<td>5</td>
<td>0.89</td>
</tr>
<tr>
<td>Lead&amp;Man4</td>
<td>51</td>
<td>3.43</td>
<td>4</td>
<td>4</td>
<td>26</td>
<td>1</td>
<td>5</td>
<td>1.12</td>
</tr>
<tr>
<td>WorkCond1</td>
<td>51</td>
<td>3.10</td>
<td>3</td>
<td>Multiple</td>
<td>15</td>
<td>1</td>
<td>5</td>
<td>1.06</td>
</tr>
<tr>
<td>WorkCond2</td>
<td>51</td>
<td>3.10</td>
<td>3</td>
<td>Multiple</td>
<td>15</td>
<td>1</td>
<td>5</td>
<td>1.06</td>
</tr>
<tr>
<td>WorkCond3</td>
<td>51</td>
<td>3.92</td>
<td>4</td>
<td>4</td>
<td>22</td>
<td>1</td>
<td>5</td>
<td>1.09</td>
</tr>
<tr>
<td>WorkCond4</td>
<td>51</td>
<td>4.00</td>
<td>4</td>
<td>4</td>
<td>30</td>
<td>1</td>
<td>5</td>
<td>0.80</td>
</tr>
<tr>
<td>RevTransp1</td>
<td>51</td>
<td>3.39</td>
<td>3</td>
<td>4</td>
<td>17</td>
<td>1</td>
<td>5</td>
<td>1.08</td>
</tr>
<tr>
<td>RevTransp2</td>
<td>51</td>
<td>3.02</td>
<td>3</td>
<td>2</td>
<td>18</td>
<td>1</td>
<td>5</td>
<td>1.19</td>
</tr>
<tr>
<td>RevTransp3</td>
<td>51</td>
<td>3.16</td>
<td>3</td>
<td>Multiple</td>
<td>15</td>
<td>1</td>
<td>5</td>
<td>1.17</td>
</tr>
<tr>
<td>RevTransp4</td>
<td>51</td>
<td>3.49</td>
<td>4</td>
<td>4</td>
<td>24</td>
<td>1</td>
<td>5</td>
<td>1.08</td>
</tr>
<tr>
<td>ManInnov1</td>
<td>51</td>
<td>2.84</td>
<td>3</td>
<td>2</td>
<td>16</td>
<td>1</td>
<td>5</td>
<td>1.21</td>
</tr>
<tr>
<td>ManInnov2</td>
<td>51</td>
<td>3.04</td>
<td>3</td>
<td>3</td>
<td>19</td>
<td>1</td>
<td>5</td>
<td>1.00</td>
</tr>
<tr>
<td>ManInnov3</td>
<td>51</td>
<td>2.69</td>
<td>2</td>
<td>Multiple</td>
<td>14</td>
<td>1</td>
<td>5</td>
<td>1.32</td>
</tr>
<tr>
<td>ManInnov4</td>
<td>51</td>
<td>2.59</td>
<td>2</td>
<td>Multiple</td>
<td>14</td>
<td>1</td>
<td>5</td>
<td>1.31</td>
</tr>
<tr>
<td>ManInnov5</td>
<td>51</td>
<td>3.41</td>
<td>4</td>
<td>4</td>
<td>24</td>
<td>1</td>
<td>5</td>
<td>1.00</td>
</tr>
<tr>
<td>WrkCond&amp;Pol1</td>
<td>51</td>
<td>4.06</td>
<td>4</td>
<td>4</td>
<td>24</td>
<td>2</td>
<td>5</td>
<td>0.81</td>
</tr>
<tr>
<td>WrkCond&amp;Pol2</td>
<td>51</td>
<td>4.18</td>
<td>4</td>
<td>4</td>
<td>29</td>
<td>2</td>
<td>5</td>
<td>0.68</td>
</tr>
<tr>
<td>WrkCond&amp;Pol3</td>
<td>51</td>
<td>4.24</td>
<td>4</td>
<td>4</td>
<td>32</td>
<td>2</td>
<td>5</td>
<td>0.62</td>
</tr>
<tr>
<td>WrkCond&amp;Pol4</td>
<td>51</td>
<td>4.22</td>
<td>4</td>
<td>4</td>
<td>31</td>
<td>2</td>
<td>5</td>
<td>0.64</td>
</tr>
<tr>
<td>SuppColl1</td>
<td>51</td>
<td>3.90</td>
<td>4</td>
<td>4</td>
<td>30</td>
<td>2</td>
<td>5</td>
<td>0.73</td>
</tr>
<tr>
<td>SuppColl2</td>
<td>51</td>
<td>4.02</td>
<td>4</td>
<td>4</td>
<td>35</td>
<td>2</td>
<td>5</td>
<td>0.62</td>
</tr>
<tr>
<td>SuppColl3</td>
<td>51</td>
<td>3.96</td>
<td>4</td>
<td>4</td>
<td>34</td>
<td>2</td>
<td>5</td>
<td>0.63</td>
</tr>
<tr>
<td>SuppColl4</td>
<td>51</td>
<td>4.16</td>
<td>4</td>
<td>4</td>
<td>34</td>
<td>1</td>
<td>5</td>
<td>0.73</td>
</tr>
<tr>
<td>JobSec1</td>
<td>51</td>
<td>4.16</td>
<td>5</td>
<td>5</td>
<td>26</td>
<td>2</td>
<td>5</td>
<td>0.99</td>
</tr>
<tr>
<td>JobSec2</td>
<td>51</td>
<td>2.63</td>
<td>2</td>
<td>2</td>
<td>18</td>
<td>1</td>
<td>5</td>
<td>1.18</td>
</tr>
<tr>
<td>JobSec3</td>
<td>51</td>
<td>4.12</td>
<td>4</td>
<td>4</td>
<td>30</td>
<td>2</td>
<td>5</td>
<td>0.68</td>
</tr>
<tr>
<td>JobSec4</td>
<td>51</td>
<td>4.12</td>
<td>4</td>
<td>5</td>
<td>21</td>
<td>2</td>
<td>5</td>
<td>0.91</td>
</tr>
<tr>
<td>JobSat1</td>
<td>51</td>
<td>3.59</td>
<td>4</td>
<td>4</td>
<td>21</td>
<td>1</td>
<td>5</td>
<td>1.04</td>
</tr>
<tr>
<td>JobSat2</td>
<td>51</td>
<td>4.20</td>
<td>4</td>
<td>4</td>
<td>25</td>
<td>1</td>
<td>5</td>
<td>0.80</td>
</tr>
<tr>
<td>JobSat3</td>
<td>51</td>
<td>3.14</td>
<td>3</td>
<td>4</td>
<td>16</td>
<td>1</td>
<td>5</td>
<td>1.10</td>
</tr>
<tr>
<td>JobSat4</td>
<td>51</td>
<td>3.78</td>
<td>4</td>
<td>4</td>
<td>25</td>
<td>1</td>
<td>5</td>
<td>0.83</td>
</tr>
<tr>
<td>EmpValProp1</td>
<td>51</td>
<td>3.37</td>
<td>4</td>
<td>4</td>
<td>26</td>
<td>1</td>
<td>5</td>
<td>1.15</td>
</tr>
<tr>
<td>EmpValProp2</td>
<td>51</td>
<td>3.16</td>
<td>4</td>
<td>4</td>
<td>20</td>
<td>1</td>
<td>5</td>
<td>1.30</td>
</tr>
<tr>
<td>EmpValProp3</td>
<td>51</td>
<td>3.06</td>
<td>4</td>
<td>4</td>
<td>21</td>
<td>1</td>
<td>5</td>
<td>1.33</td>
</tr>
<tr>
<td>EmpValProp4</td>
<td>51</td>
<td>3.27</td>
<td>4</td>
<td>4</td>
<td>25</td>
<td>1</td>
<td>5</td>
<td>1.28</td>
</tr>
</tbody>
</table>
ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

Please type or complete in black ink

FACULTY: BUSINESS SCHOOL

SCHOOL/DEPARTMENT: NELSON MANDELA METROPOLITAN UNIVERSITY

I, (surname and initials of supervisor) Dr WEIMANN A

the supervisor for (surname and initials of candidate) MLAKALAKA N

(student number) 210227370

a candidate for the degree of MASTER IN BUSINESS ADMINISTRATION


Factors affecting the engagement of employees in SMMEs in Buffalo City Municipality

considered the following ethics criteria (please tick the appropriate block):

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2.1 Are subjects/participants/respondents of your study:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Children under the age of 18?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(b) NMMU staff?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(c) NMMU students?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(d) The elderly/persons over the age of 60?</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>(e) A sample from an institution (e.g. hospital/school)?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(f) Handicapped (e.g. mentally or physically)?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>4. Will the participant's privacy, anonymity or confidentiality be compromised?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>4.1 Are you administering a questionnaire/survey that:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Collects sensitive/identifiable data from participants?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(b) Does not guarantee the anonymity of the participant?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(c) Does not guarantee the confidentiality of the participant and the data?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(e) Will create doubt whether sample control measures are in place?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>(f) Will be distributed electronically via email (and requesting an email response)?</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

Note:
- **If** your questionnaire **DOES NOT** request respondents' identification, is distributed electronically and you request respondents to return it **manually** (print out and deliver/mail); **AND** respondent anonymity can be guaranteed, your answer will be NO.
- **If** your questionnaire **DOES NOT** request respondents' identification, is **distributed** via an email link and **works through a web response system** (e.g. the university survey system); **AND** respondent anonymity can be guaranteed, your answer will be NO.

Please note that if **ANY** of the questions above have been answered in the affirmative (**YES**), the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

---

**SUPERVISOR(S)**  
27 August 2015

**DATE**

---

**HEAD OF DEPARTMENT**  
31/8/2015

**DATE**

---

**STUDENT(S)**
Please ensure that the research methodology section from the proposal is attached to this form.

Please note that by following this Proforma ethics route, the study will NOT be allocated an ethics clearance number.