# Leadership Traits and Styles and Its effects on Corporate Profitability – A case study of Parmalat Zambia Limited.

By:     Jane Willima Daka

Student No:   000961027

Submitted in part fulfillment of the requirements for the degree of:

MBA International Business

At the University of Greenwich

Business School

August 2016 Starter

Project MA/MBA IB, BUSI 1359

Supervisor: Dr. Kwesi Atta Sakyi

Word Count: 10,091

[1]

# DECLARATION

**Leadership Traits and Styles and Its effects on Corporate Profitability – A case study of Parmalat Zambia Limited.**

I declare that this is my work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete reference using the Harvard Referencing system.

Furthermore, this dissertation has not been submitted for a degree in this or any other University.

Full Name: Jane Willima Daka

Signature: Jane Willima Daka

Date: 20th September 2018

Supervisor: Dr. Kwesi Atta Sakyi

Signature: Dr. Kwesi Atta Sakyi

Date: 20th September 2018

# DEDICATION

I dedicate this work to the memory of my late loving and caring father, Goodson Willima who passed on in 2002. His wish was for me to attain the highest level of education and become a successful manager and leader which I have since attained as at today.

The work is also dedicated to my mother Grace Gardner Willima, my husband, Sipho Daka, and Son, Sekwane Thabo Daka who persistently encouraged me to pursue the MBA program and also endured my long absence at home during my study. May the lord Almighty continue to bless them.

# ACKNOWLEDGEMENTS

I wish to give thanks to the Lord Almighty for his incomparable and unconditional love, with him, "*All things are possible*"

Sincere thanks and gratitude go to my lecturers, Dr. Richard Mbewe, Dr. Kayombo, Dr. Lengwe, Dr. Mwenshi and Mr. Mukuma for their guidance and patience during the course of my study at ZCAS.

I wish to thank my supervisor, Dr. Kwesi Atta Sakyi, for his wisdom and endless guidance and encouragement and exchange of ideas which enabled me to develop an understanding of ideas during my research project.

Lastly, I would like to thank all those, too numerous to mention, who provided insightful feedback on my dissertation.

*N.B The information contained herein is only for academic purposes and it is not an expression of the company, its directors and managers. Any similarity is purely coincidental and not an intention of the author's views.*

# TABLE OF FIGURES

# ABBREVIATIONS

EVA             _           Economic Value Added

MVA             _           Market Value Added

ROA             _           Return on Assets

ROE             _           Return on Equity

ROI             –           Return on Investments

SWM             _           Shareholder Wealth Maximisation

SOP             _           Structure Operating Procedures

UHT             _           Ultra – High Temperature

Jane Willima Daka     000961027

# ABSTRACT

This research paper was aimed at investigating leadership traits and styles pertaining to Parmalat Zambia, a food industry group with a multinational strategy that seeks to increase the well being of consumers throughout the world.

The analysis was based on administering a questionnaire to a selected sample of Parmalat Zambia managers as well as interviewing managers at all levels of authority. This company was chosen for it was one of the first multinational corporations to start operations in Zambia. Results of the research indicated that Parmalat managers need to be motivated to enhance profitability. The Parmalat board of directors should consider realigning their remuneration policy to be more motivating and result-oriented.

Further, Zambian managers need to undertake further training and go on attachment in other countries in order to appreciate the global impact of the company's operations. It will also make them change their behavior to suit the global business environment. The link between teamwork and corporate profitability should be properly analysed to reflect the Zambian conditions.

**Keywords:** Leadership, Leadership traits and styles, Management, Corporate profitability, and Parmalat Zambia Ltd.

Jane Willima Daka    000961027

# Table of Contents

Jane Willima Daka    000961027

Jane Willima Daka    000961027

Jane Willima Daka    000961027

# CHAPTER 1: INTRODUCTION

## 1.1 Introduction

Modern business is all about success. This is the success related to the corporate goals of profit maximization. According to the shareholder wealth maximization theory, businesses are there to maximize the wealth of the shareholders. Therefore, shareholders put up the capital to set up the business and run it in the initial phase of operations. However, shareholders should not necessarily manage these companies and instead, they can employ agents to run these companies for them in line with the Agency Theory. The agents are called managers. On the other hand, managers are selected on their capability to manage the company successfully. These managers are leaders in their own right. Leadership looks at the competence to lead a group of people in an organization. It requires having leadership skills and these can be divided into two types: leadership traits and leadership styles. The question is, how can leadership characteristics (styles and traits) be effectively used to achieve success in the business environment of Zambia in the 21st century?

The dissertation is organized in such a way that it contains five chapters. Chapter One is an introduction that presents the research problem, its aims, objectives and research questions. The chapter also discusses the research design and methodology. It goes on to describe the explanatory and dependent variables. The chapter concludes with a summary. Chapter Two is a literature review that presents and discusses the academic literature on the selected topic. Chapter Three discusses the research methodology and is aimed at stating clearly what type of research approach has been chosen. Chapter Four is a presentation of the achieved field research results that are presented in graphic format. At the same time, these results are discussed in order to correlate them to the research issues. Finally, Chapter Five undertakes to make conclusions arising from both the desk research in literature review in chapter two and the field research in chapter four. Based on these results, recommmendations as regards the managerial characteristics of managers at Parmalat are made. The dissertation goes on to recommend further research and issues to look at. The dissertation concludes with a list of references made according to the Harvard Method.

## 1.2 Research Problem and Justification

In Zambia, there are few companies that are operating with success in a sustainable manner. There are many reasons for this; some of them are caused by poor management skills, in spite of the fact that some of these managers are highly educated. The essence of this work is finding a universal manager who can achieve success in whatever business environment, organization and time that they are operating in. The problem is especially important for a poor developing country such as Zambia which has with dwindling resources and operating in a global environment that requires managers who can work in any environment and still achieve success. Parmalat Zambia Ltd (further referred herein to as "Parmalat") –an Italian multinational offering milk and related products in Zambia is the case study. The company came to Zambia through the acquisition of the struggling state-owned-enterprise the Zambia Dairy Produce Board. The intention is to show whether the achieved results will show any variations dependent on the leadership styles of managers for a company that is operating in a market economy full of unknown factors, i.e. a very risky environment characterised by a high level of unpredictability.

## 1.3 Research Aim, Question and Objectives

In this section of Chapter One, the major aims, objectives and research question have been presented and described. These will help in precising the research work and act as a road map for the researcher in further research.

### 1.3.1   Research Aim

The following are the research aims of the disertation:

a) To show what are the leadership and managerial traits that are exhibited by those in senior positions in the Corporate World.

b) To show the difference between a Leader and a Manager.

c) Describe the Zambian business environment and based on that and other models, go on to show the type of  manager likely to achieve success in this business environment.

Jane Willima Daka    000961027

### 1.3.2 Research Questions

a) What is the difference between leadership and management and how does each one of them influence the achieving of corporate profitability?

b) What are the characteristics of a modern manager that will make them achieve corporate success in today's business environment?

c) What are the managerial traits and styles that can make a manager achieve success in the Zambian context?

### 1.3.3 Research Objectives or Hypotheses

This research's primary intention is not just to analyze the primary theory of leadership, but also to examine and look at the three key attributes of managers. These are: traits, behaviors and business culture on the leader's capability to get things done, especially achieving the primary goal of the company which is corporate profitability. This is done in order to understand the influence these attributes have on leadership effectiveness.

Another issue to consider is the management characteristics of these leaders, especially their management styles and traits. Therefore, in order to understand the influence of the three key attributes on leadership and managerial effectiveness in the Zambian context, this study used a sample of business leaders belonging to Parmalat Zambia who are in a position to achieve sustained financial results in their businesses.

### 1.4 Explanatory Variables and Dependent Variables

In this section of the research, the explanatory variables and dependent variables are identified and explained. Explanatory variables are those ones that describe what influences the phenomenon. They are causality in nature. On the other hand, dependent variables are not independent. Instead, their measurement is dependent on the explanatory variables (Kumar, 2011). In this study, the following explanatory variables have been identified:

- Traits
- Knowledge
- Business Culture
- Business Environment (external and internal)

Jane Willima Daka    000961027

On the other hand, the dependent variable is Corporate profitability. Figure 1 below, illustrates the relationship between the explanatory variables and the design variables that have been identified for this study.

**Figure 1:** Graphical presentation of the Explanatory and Dependent Variables
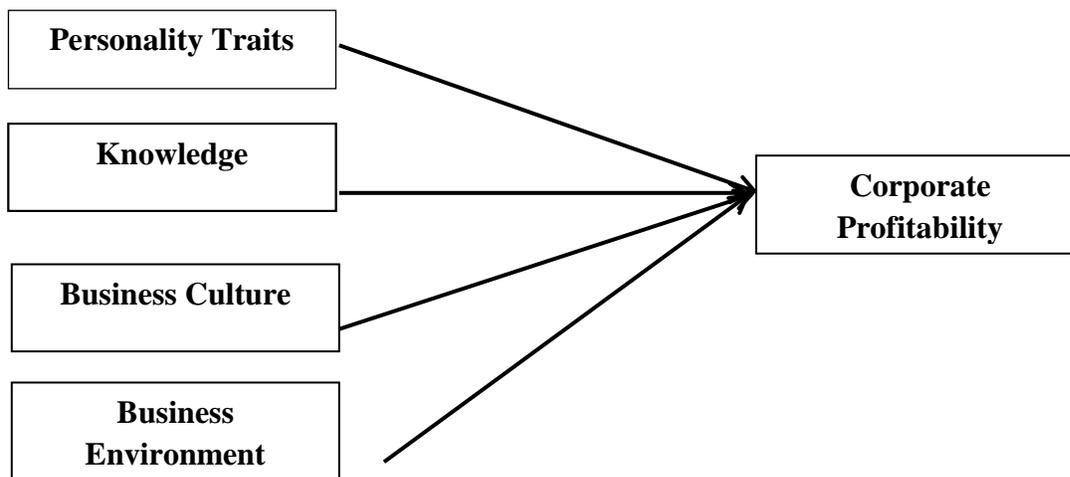


**Source**: Based on Gill (2006).

From Fig 1 above, we can see that corporate profitability is dependent on at least four factors namely personal traits of the managers, their business knowledge and acumen, their business culture and the business environment they operate in.

**1.5 Research Contributions**

The results of this research will make the following contributions:

- Present a new and broader view on the relationships that exists between management and leadership.
- Show what type of managers are likely to achieve corporate success in the prevailing business environment.
- Show which methods and measurement are appropriate for measuring this relationship between management and leadership.

Jane Willima Daka    000961027

## 1.6 Research Design

In this section, the research implementation strategy and plan is described. It includes a short description of the methods, the data collection methods and the analysis techniques used.

### 1.6.1    Research Approach and Method

According to Kumar (2011), the structured approach is applied in situations where everything that forms the research process: objectives, design, sample, and the questions that a researcher plans to ask of respondents, is predetermined. In this case, a hybrid of research methods will be applied which basically are:

- **Desktop research** – so as to identify the key academic theories that would help provide basis for the research problem.
- **The Questionaire** – the questionaire will be the basis for the fieldwork and this will depend on administering it to respondents from Parmalat Zambia Ltd.
- **The Case Study** – this will depend on analysing the market and financial position of the company in the business environment in which it operates.

### 1.6.2    Data Collection and Analysis Techniques

As stated above and further described in Chapter Three below, data collection depends on administering a questionaure amongst carefully selected managers and leaders in the selected company – Parmalat Zambia Ltd. The data selected in this manner will be sorted out and the data analysis conducted with the computer. This includes the calculation of statistics, word processing and the graphic presentation of data. Based on this, appropriate conclusions would be made.

## 1.7 Dissertation Layout

The final disseration will be arranged as follows:

1. Introduction
2. Literature Review
3. Research Methodology
4. Findings and Analysis
5. Conclusions and Recommendations
6. References

The above is a presentation of the titles of the chapters of the thesis. They form the layout which can be summarised to contain an introduction with research issues discussed therein; the literature review that forms the fundamentals of the research. This is followed by a description of the data collection methods, identification of relationships, and trends. This is followed by a chapter on data analysis, presentation of findings, and making appropriate recommendations.

## 1.8 Chapter Summary

In the Introduction, a description of the roots of the issues at hand is given. This is coupled with a description of the research issues: aims, objectives and questions. Chapter two is a literature review of academic articles in peer-reviewed journals and well-referenced books. Chapter three discusses the research methodologies applied. The findings of this research are presented in chapter four. Finally, chapter five presents the conclusions and recommendations stemming from both the desktop research, questionnaires and the case study. Based on that, appropriate conclusions and recommendatuons for further research are presented.

Jane Willima Daka    000961027

# CHAPTER 2: LITERATURE REVIEW

The literature review is undertaken with the help of the following key search words: *leadership, leadership traits and styles, management, corporate profitability, and Parmalat Zambia Ltd.*

## 2.1 Introduction

Much of the current work on leadership relates to leadership as a subset of management (Gehring, 2007). However, in leadership studies, there are specific skills that managers should possess and these are explained below for the purpose of this work:

- *Trait* – a distinguishing feature or characteristic
- *Characteristic* – a characteristic feature or quality
- *Competence* – ability; the stage of being competent
- *Competent* – properly qualified or skilled; adequately capable
- *Attribute* – a quality attributed (ascribed) to a person; a characteristic quality.

These are the main terms that are applied in this work in the process of explaining leadership and management as regards their suitability to achieve success for the corporation.

## 2.2 Leadership Traits and Styles

According to Petersen (1991), there are a set of characteristics and attributes that leaders must possess in order to become excellent in what they are doing. These are:

- *Knowledge* – what an individual knows about his area of specialization, in this case management.
- *Performance* – what an individual is able to accomplish while applying their knowledge.
- *Personal*– how an individual behaves while performing the activity, their attitudes and core personality traits.

These three characteristics shape and create the various leadership traits and styles that we can see in the modern business environment that is diverse and very competititve. These three characteristics shape the type of managers that are available on the market and therefore, form the basis of modern corporate success through the transfer effect from the managers who are performing the task of leading the company.

### 2.2.1 Leadership – Concept Overview

According to Bass (1990), "there are many different definitions of leadership as these are persons who have attempted to define the concept." Bass (1990) indicated that definitions of leadership are linked to group processes, to personality, to exercising influence and as an act or behaviour. Furnham (2005) states that "*Leadership is the process of influencing the employers' behaviour in achieving institutional goals*". Mcshane and Von Glinow(2000), on the other hand maintains that "Leadership is the process of influencing people and providing an environment for them to achieve team or organisational objectives". According to Etzioni(1961), "*Leadership is power based predominantly on personal characteristics, usually normatic in nature*". Northouse (2004) integrated various approaches and came up with the following definition: "*Leadership is a process whereby an individual influences a group of individuals to achieve a common goal*".

### 2.2.2 Leadership Theories

Basically, three leadership theories have been identified. These are: Traits Theory, Behaviorial Theory and the Contingency Theory (Petersen 1991).

*Traits Theory*–The Trait Theory assumes that leaders have specific traits such as intelligence or energy which distinguish leaders from non-leaders and make them have the predisposition to achieve (Daft, 2012). It is generally recognized that the Traits Theory is not an effective method to determine the successful characteristics of leaders (Gehring, 2007).

*Behaviourial Theory* - Behavioral theories of leadership are classified as such because they focus on the study of specific behaviors of leaders. For behavioral theorists, a leader's behavior is the best predictor of his leadership influences and as a result, it is the best determinant of his or her leadership success (Petersen, 1991).

*Task - Oriented Leaders*

Leaders that are task oriented primarily focus the behaviours on overall organizational structure, the structure operating procedures (S.O.P.) and they like to generally have control. Task-oriented leaders are mostly concerned with the motivation of staff ; however it is envisaged that this is not their concern mainly. Their preference is to favour behaviors that are in line with Information Gathering, Clarifying, Organising and Initiating (Petersen, 1991).

Jane Willima Daka    000961027

*People - Oriented Leaders*

People oriented leaders' main behaviour focus is to ensure that the inner peoples' needs are fulfilled. Therefore, they will strive to offer motivation to their staff members by emphasizing on human relations. People-oriented leaders focus is still on tasks and  results and these are achieved through different means. Leaders with a focus on people usually have behaviors that are in line with Coaching, Mentoring, Listening, Observing and Encouraging (Petersen, 1991).

*Contingency Theory* - these state that effective leadership depends not only on the style of leading but on the control over a situation. There needs to be good leader-member relations, task with clear goals and procedures, and the ability for the leader to mete out rewards and punishments. Lacking these three in the right combination and context will result in leadership failure (Bass, 1990).

Contingency theories in general state that the effectiveness of leadership depends upon the situation, and there are numerous factors, such as the nature of the task, leader's personality, and make-up of the group being led (Kutsar, et al., 2014).

The contingency theory model proposes that a leader's effectiveness can be attributed to two factors: (1) the leader's personal style whether he/she is task or relationship oriented) and (2) the situations that control a leader (Ayman et al. 1995).

### 2.2.3   Leadership Styles

Leadership is a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals. A leader can be defined as a person who delegates or influences others to act so as to carry out specified objectives.

Chung – Hsiung Fang et al. (2009), identified that leadership style can affect organizational commitment and work satisfaction positively and work satisfaction in turn can affect organizational commitment and work performance positively. Leadership is largely culturally orientated, embracing traditional beliefs, norms and values and  preoccupation.

Bass(1997), divided leadership style into transformational leadership and transactional leadership. *Transformational leadership* has the characteristics of individual influence, spiritual encouragement and intellectual stimulation.They often take individuals into consideration,

Jane Willima Daka    000961027

establish vision and aim inside, create an open culture, trust the staff to reach their goals, and give full play to staff potential.

*Transactional leadership* is focused on staff basic and external demand. The relationship between leaders and subordinates is based on contract. They tend to attain organizational goals by specific job roles and mission design. Their basic purpose is to maintain a stable organization.The key features of each of these leadership styles can be summarised as follows:

- **Authoritarian**: - **Autocratic** leaders hold onto as much power and decision-making as possible.
- **Paternalistic**: - Links with Mayo – addressing employee needs.
- **Democratic**: - Focus of power is more with the group as a whole.
- **Laissez-faire**: Take it easy as far as the corporate goals are being achieved.

## 2.3 Leadership and Management

According to Kotter (1996), "good management is required in order to help organizations meet current commitments, but good leadership is required in order to move the organization into the future" (Kotter, 1996).

People often mistake leadership and management as the same thing but in essence, they are very different. The main difference between the two is that leaders have people that follow them, while managers have people who simply work for them (Kotter, 1996).

### 2.3.1  Management – Concept Overview

Management is the organizational process that includes strategic planning, setting objectives, managing resources, deploying the human and financial assets needed to achieve objectives, and measuring results. Management also includes recording and storing facts and information.

### 2.3.2  Management Styles

In any type of business, the manager is the person who ensures the accomplishment of the organizational goals by planning, organizing, leading, involving and controlling the entire activity, as well as by goal-oriented work. Basically, managers are people who lead their companies to the final achievement of the desired goals using the adequate means and decisions (MIrcea and Della, 2008). There is no particularly accepted style of management, but styles that

Jane Willima Daka    000961027

lead to increased staff motivation, job satisfaction and productivity should be encouraged, while those that have the opposite effect should be discouraged.

Due to their variety, management styles have been classified by specialists using a series of criteria as follows:

- attitude toward responsibility;
- authority used by the manager;
- organizational initiative and consideration for the workforce;
- concern for production and employees;
- concern for production, employees and efficiency;
- types of motivation, communication characteristics, nature of cooperation and decision-making strategy.

Based on the criteria above, the following are the most common management styles that one can meet as one goes on analysing various business organizations:

- Authoritarian style
- Democratic style
- Participative style

### 2.3.3  The role of managers in the Corporation

The top management team of a company controls decision making that affects everyone from the president down to entry-level employees. Those decisions, along with the way the management members treat the staff, affect the success of the company. Understanding those effects helps the management team make changes as necessary to improve the achievement of the company.

The company vision and goals provides direction for the completion of the work performed by employees. It can therefore be concluded that senior management typically is responsible for the establishment of these goals. Top management needs to establish goals that drive employee growth in order to reach higher levels of achievements for the company. The goals must take into consideration the company's current situation. It is imperative that the senior management team decides what achievements it wants to reach and how the company will grow going forward. Writing concrete, specific goals for the company helps direct the workload for the employees.

### 2.3.4   Hofstede's Theories on Business Culture

According to Hofstede (2011), there are six dimensions of national cultures: Power Distance, Uncertainty Avoidance, Individualism /Collectivism, Masculinity/ Femininity, Long/Short Term Orientation, and Indulgence/Restraint.

Culture has been defined in many ways and according to Hofstede (2011), "Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others". It is always a collective phenomenon, but it can be connected to different collectives. Within each collective there is a variety of individuals. Most commonly the term culture is used for tribes or ethnic groups (in anthropology), for nations (in political science, sociology and management), and for organizations (in sociology and management).

In business, the most important form of culture is the organizational culture. organizational cultures reside rather in practices (visible and conscious). It is the way people perceive what goes on in their organizational environment. According to Hofstede (2011), these practices are responsible for the many traits  in people's behaviours and these are exhibited in business too. The six cultural dimensions are listed below:

1. ***Power Distance***, related to the different solutions to the basic problem of human inequality;

2. ***Uncertainty Avoidance***, related to the level of stress in a society in the face of an unknown future;

3. ***Individualism versus Collectivism***, related to the integration of individuals into primary groups;

4. ***Masculinity versus Femininity***, related to the division of emotional roles between women and men;

5. ***Long Term versus Short Term Orientation***, related to the choice of focus for people's efforts: the future or the present and past.

6. ***Indulgence versus Restraint***, related to the gratification versus control of basic human desires related to enjoying life.


### 2.3.5   Characterisation of Zambian Managers based on Hofstede's Theory

If we explore the culture of Zambia through the lens of the 6-D Model, we can get a good overview of the deep drivers of its culture relative to other world cultures.

Jane Willima Daka    000961027

## POWER DISTANCE

This element pertains to the fact that there is no individual equality in societies. It articulates the attitude of the culture towards these inequalities amongst us. Power Distance is defined as "***the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally***" (Hofstede, 2011).

It can be envisaged that Zambia scoring is at intermediary level on this dimension (score of 60), meaning that it poses a hierarchical society. The meaning of this is that people agree to a hierarchical order whereby everybody has a place and requiring no further justification. Hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat.

## INDIVIDUALISM

The fundamental issue addressed by this dimension is ***the degree of interdependence a society maintains among its members***. It deals with whether people´s self-image is defined in terms of "I" or "We". In Individualist societies, peoples' focus is on direct family only and themselves. In Collectivist societies, people belong within groupings that look after them in exchange for loyalty.

Zambia can be considered a collectivistic society having a score of 35. This is apparent in a close commitment that is long-term to the "group" member, be that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and overrides most other societal rules and regulations. The societal groups are focused on fostering solid relationships where everyone is responsible for taking care of their fellow group members. In collectivist societies, offence leads to shame and loss of face, employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of the employee's in-group and management is the management of groups.

## MASCULINITY

A high score (Masculine) on this dimension indicates that success, achievement and competition drives society, with success being defined by the winner in the field – a value system that starts in school and continues throughout organisational life.

A low score (Feminine) on the dimension means that the dominant values in society provide much needed care for others and quality of life. A Feminine society is one where quality of life is the sign of success and standing out from the crowd is not admirable. ***The fundamental issue***

*here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine).*

The scoring for Zambia on this dimension is 40 hence considered a Feminine society. Within Feminine countries, the focus is on "working in order to live", managers strive for consensus, people value equality, solidarity and quality in their working lives. Disagreements can be resolved by negociation and conciliation. Incentives such as free time and flexibility are favoured. Focus on well-being and status is not shown. An effective manager should support its subordinates and in turn can achieve decision making through involvement.

**UNCERTAINTY AVOIDANCE**

The dimension Uncertainty Avoidance pertains to the technique on how society looks at the fact we cannot know the future: can we attempt to control the future or just let it happen? It can be envisaged that this uncertainty bring with it apprehension and diverse cultures that have learnt to deal with this apprehension in different ways. "***The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these***" is reflected in the score on Uncertainty Avoidance. Zambia scores an intermediate 50 on this dimension, and thus no preference can be predicted.

**Figure 2: Hofstede's Six Dimensions of Culture for Zambia**
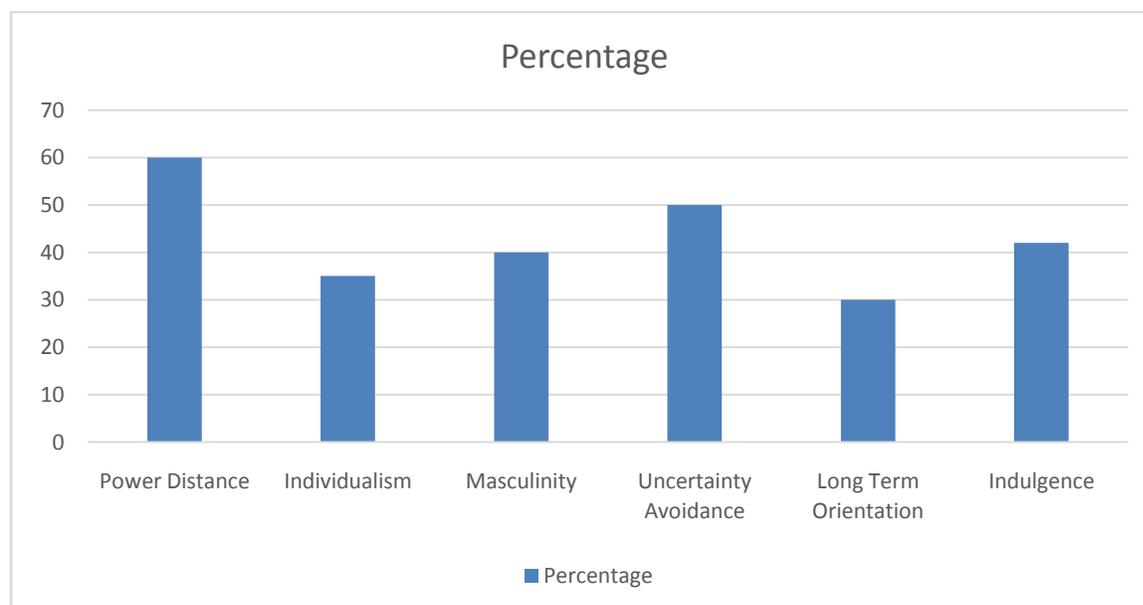


Source: Hofstede's 6-D Model, 2018

Jane Willima Daka    000961027

**LONG TERM ORIENTATION**

This dimension describes "*how every society has to maintain some links with its own past while dealing with the challenges of the present and future*", and these existential goals are prioritised by societies differently. Normative societies that have a low score this dimension, for example, they have a preference in maintaining time-honored customs, traditions and norms with a view to perceive change in society with suspicion. Those with a high culture score usually take a more pragmatic approach: they encourage frugality and efforts in modern education as a way to prepare for the future (Hofstede, 2011).

A low score of 30 on the scale means that Zambian culture is more normative than pragmatic. People in such societies have a strong concern with establishing the absolute Truth; they are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results.


**INDULGENCE**

Humanity is confronted by one challenge, at the present and ancient times, is the degree to which small children are socialized. We do not become "human" without socialization. This dimension is defined as "*the extent to which people try to control their desires and impulses*", based on the way they were raised. Comparatively weak control is called "Indulgence" and relatively strong control is called "Restraint". Cultures can, therefore, be described as Indulgent or Restrained.

Zambia scored a relatively low score of 42 on this dimension indicating that the Zambia culture can be classified as one of Restraint. Societies with a low score in this dimension have a predisposition to cynicism and pessimism. Also, in contrast to Indulgent societies, Restrained societies do not put much emphasis on leisure time and the control of gratification of their desires. People with this orientation have the perception that their actions are Restrained by social norms and feel that indulging themselves is somewhat wrong.


## 2.4 Corporate Profitability

### 2.4.1   Corporate Profitability – Concept Overview

Corporate profitability defines the capability of the company to generate profits systematically over time. With the coming up of globalization and corporate social responsibility (especially towards the protection of the natural environment), corporate profitability is becoming synonymous with corporate sustainability – a concept that describes the company's capability to

generate profits over time but in line with the teaching of sustainable development (Elkington, 1994). This has brought up the concept of Triple Bottom Line (TPL). The TBL depends on achieving fairness between the following entities:

- People – employees and community
- Planet – sustainable environmental practices
- Profit – the economic benefit to the whole community

### 2.4.2 Shareholder Wealth Maximization Theory

*Shareholder wealth* can be defined as the market capitalization of the public corporation (Windsor, 2010). This market cap is the number of equity shares outstanding multiplied by the share price at the time of calculation. Market cap is an estimate, by capital markets, of the net worth of the firm. The market cap reflects the firm's tangible assets plus the future expected residual revenues, which may be distributed as dividends or kept as retained earnings (Windsor, 2010).

According to Windsor (2010), the shareholder wealth maximization (SWM) belief affirms that the instantaneous operational goal and the definitive rationale of a public corporation and should be to ensure maximization return on equity capital.

Shareholder wealth maximization focuses on the motives and behaviors of financial stakeholders. The thesis of separation of ownership and control (Berle and Means, 1932) posits that principals (or shareowners) employ agents (or management) who must have some reasonable discretion (e.g., the business judgment rule).

### 2.4.3 The Agency Theory

Agency theory is an economic and management theory that endeavors to elucidate relationships and self-interest in business organisations. It provides a description of relationships between principals/agents and delegation of control. "It provides an explanation of how best to organise relationships in which one party (principal) determines the work and which another party (agent) performs or makes decisions on behalf of the principal" (Jensen and Meckling, 1976; Schroeder et al., 2011).

The agency theory has brought major responsibilities on management for running the company, while at the same time, brought up areas of conflict between managers and the shareholders. On

one hand, it is in the interests of the shareholders for a company to maximiza profits so that the shareholders can draw dividends. But also it is in the interest of management to retain the profits in the company so as to increase the value of the company and be paid a bigger bonus. The manager has to make a choice: either staisfy shareholders or increase the value of the corporation, and thus, obtain a bonus.

### 2.4.4 Measuring Corporate Profitability (ROI, ROA, ROE, The Altman Formulae)

In this section of the dissertation, the selected tools for measuring corporate profitability are presented.

*The rates of return (ROI, ROA and ROE)*:

These formulae is based on employing the concept of value of money over time which assumes that money invested in a project should increase its value over time. The level of this increment is dependent on the investor's choice. Thus depending on the type of instrument used, it can be return on the investment itself (ROI), in the purchase of company assets (ROA) or by just providing the equity (ROE). It is how much this rate of return is increaed that can be a useful measurement of achieving corporate goals by the managers.

*The Altman Formulae*:

The Altman Z Score is largely utilised to foretell the probability that a business will go bankrupt within the next two years (Altman, 1968). The formula is based on information found in the income statement and balance sheet of an organization; as such, it can be readily derived from commonly-available information. Given the ease with which the required information can be found, the Z Score is a useful metric for an outsider who has access to a company's financial statements. Due to its ease of use and interpretation, the Altman formulae can be used to assess the effectiveness of managers in achieving the corporate goal of profitability and shareholder wealth maximization(Altman, 1968).

The Altman Z-score is calculated as follows:

**Z-Score = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E**

Where:

Jane Willima Daka    000961027

A = working capital / total assets

B = retained earnings / total assets

C = earnings before interest and tax / total assets

D = market value of equity / total liabilities

E = sales / total assets

A Z score of greater than 2.99 means that the entity being measured is safe from bankruptcy. A score of less than 1.81 means that a business is at considerable risk of going into bankruptcy, while scores in between should be considered a red flag for possible problems. The model has proven to be reasonably accurate in predicting the future bankruptcy of entities under analysis.

*The Balanced Scorecard*:

Kaplan and Norton's Balanced Scorecard model was developed in the early 1990 as an attempt to help firms measure business performance using both financial and non-financial data.The aim of the Balanced Scorecard was "to align business activities to the vision and strategy of the business, improve internal and external communications, and monitor business performance against strategic goals."The balanced scorecard provides a relevant range of financial and non-financial information that supports effective business management (Kaplan and Norton, 2001).

*EVA/MVA*:

Economic value added (EVA) is a performance measure that attempts to measure the true economic profit generated by a company. It is frequently also referred to as "economic profit," and provides a measurement of a company's economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well a company has produced value for its investors, and it can be compared against the company's peers for a quick analysis of how well the company is operating in its industry. Economic profit can be calculated by taking a company's net after-tax operating profit and subtracting from it the product of the company's invested capital multiplied by its percentage cost of capital.

Market value added (MVA), on the other hand, is merely "the difference between the current total market value of a company and the capital that is contributed by investors (including both shareholders and bondholders). It is typically used for companies that are larger and publicly-traded. MVA is not a performance metric like EVA, but instead is a wealth metric, measuring the

[26]

level of value a company has accumulated over time. As a company performs well over time, it will retain earnings. This will improve the book value of the company's shares, and investors will likely bid up the prices of those shares in expectation of future" (Kaplan and Norton, 1992)

### 2.4.5   Managerial Implications

Economists have long been concerned with the incentive problems that arise when decision making in a firm is the province of managers who are not the firm's security holders.' One outcome has been the development of "behavioral" and "managerial" theories of the firm which reject the classical model of an entrepreneur, or owner manager, who single-mindedly operates the firm to maximize profits, in favor of theories that focus more on the motivations of a manager who controls but does not own and who has little resemblance to the classical "economic man." (Fama, 1980).

### 2.5 Gaps in the literature/theoretical framework

Most of the academic literature is concentrated on the science of leadership or leadership in the context of the developed World. There is work done on Latin America and Nigeria. But none does specifically address leadership issues in an African context, and in Zambia, in particular. This dissertation is aimed at filling that gap.

### 2.6 Chapter Summary

We live in the globe age where the dominating way of life is globalization. Globalization has been succesful due to advances in technology. Technology has brought every one much closer together, especially, through telecommunications and the internet. This means that people of different cultures find themselves working together and communicating more and more.

This chapter addresses the major theory that describes managerial and/or leadership traits and that is Hofstede's Theory, popularly known as the Six dimensions of Culture Model. The chapter shows that whilst managerial/leadership traits cannot be measured, the actions of managers can be measured through corporate goals, which is profit maximization. Therefore, the measurements of corporate profitability are presented. The chapter concludes with an explanation of the literature gap that shall be filled by the results of this dissertation.

Jane Willima Daka    000961027

**CHAPTER 3: THE CASE STUDY – Parmalat Zambia Ltd**

**3.1 Introduction**

In this chapter, a description of the company is made. It starts with the origins of the mother company in Italy and then goes on to describe how it started operations in Zambia. The point is to make a case study review of the company prior to conducting the real analysis that provides answers to the research questions.

**3.2 Parmalat's History and Global Position**

Parmalat was started by Caristo Tanzi when he entered the milk market in the nineteen sixties, by capitalizing on the continuous packaging process developed by Tetra Pak and thus Parmalat began its expansion into the dairy sector. Parmalat brand became popular in the seventies because of the fact that it sponsored sports, thus enabling it to venture into the other markets of the World, especially Latin American markets (Ferrarini and Giudici, 2005).

Segato (2006) points out that in 1997 Parmalat made the decision to become a global player and began a major campaign of international acquisitions, in the Northern and Latin American markets mainly financed through debt. Within a very short time, Parmalat had become the third largest manufacturer of cookies in the United States alone. In that way, Parmalat started its global expansion that led it to acquiring the state-owned dairy business enterprise in Zambia. In that way, Parmalat Zambia was created.

As at December 31, 2017, the Group's total staff numbered 26,234 employees (26,180 in 2016). With data based on the perimeter used for reporting purposes, the Group's staff numbered 24,661 employees on December 31, 2017 (25,892 in 2016). The reduction in the number of employees that occurred in 2017 compared with the previous year is due primarily to a reorganization of the Brazilian operations.

**Figure 3: Parmalat Group Staff compliment**

| Date | Year | Number of Employees |
|:---:|:---:|:---:|
| 31$^{st}$ December | 2017 | 24,661 |
| 31$^{st}$ December | 2016 | 25,892 |

Source: Parmalat Annual Report, 2017

Jane Willima Daka    000961027

### 3.3 Parmalat Zambia Ltd – Corporate Overview

From the company's financial report of 2017, we can review the company's mission and core business that states that Parmalat is a food-industry group with a multinational strategy that seeks to increase the well-being of consumers throughout the world (Parmalat, Annual Report, 2017).

The ultimate purpose of the Group is to create value for its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities within which it operates by contributing to their economic and social progress. The Group's objective is to establish Parmalat as one of the top players in the global market for foods with high value added, which deliver improved nutrition and wellness to consumers, and attain clear leadership in selected product categories and countries with high growth potential (Parmalat, Annual Report, 2017).

The company is really global as it has branches in countries such as Botswana, Bolivia, Peru, Uruguay, Swaziland, Lesotho, Zambia, Hong Kong and New Zealand. With widespread operations, the company has a global outreach and this requires management to have global characteristics which means, managers of different cultures working together.

### 3.4 Parmalat's Major Challenges in Zambia

Parmalat has become the leading global company in the production of long-life milk using the ultra-high-temperature (UHT) process. The company once collapsed in 2003 with a $20 billion hole in its accounts in what remains Europe's biggest bankruptcy. The company has come out from that situation and is now a leading global purveyor of milk and related products.

Parmalat Zambia, the second largest market in Africa experienced a reduction in volumes and net revenues compared to previous year (2016:2017). Further, the profitability of Parmalat Zambia depreciated primarily owing to the negative conditions of the Zambia economy, as the high level of inflation produced decreased in consumption and subsequently a reduction in purchasing power. However, the current position is still challenging with strong deterioration of profitability mainly exacerbated by production costs, components, a decrease in volume of sales and significant concerns in the logistical and industrial areas (Parmalat, Annual Report, 2017).

Jane Willima Daka    000961027

Zambia has quite a number of challenges in the dairy industry sector. To aid some of the challenges in the dairy industry sector, the Zambia Government needs to build capacity of small scale farmers to enable then supply dairy products such as milk to big processing companies like Parmalat. It is envisaged that more the 450 litres of milk is produced by small scale farmer however only a small portion of less that 30% is acquired by the maket with the rest going to waste. The government needs to create linkages and enhance value chains for farmers to tap into the value chain to avoid wastage of dairy products and subsequently create jobs in the dairy industry.

### 3.4.1   Parmalat in Zambia

Parmalat in Zambia is the second largest market in the Africa region. However, volumes and net revenue stated in local currency decreased in 2016 compared to 2017. The profitability of Parmalat Zambia deteriorated chiefly as a result of the negative conditions of the local economy. The high level of inflation produced a reduction in purchasing power and a decrease in consumption. Other negative factors included a higher cost of production components and some industrial and logistics problems that arose during the second half of the year (Parmalat Annual Report, 2017).

### 3.4.2   The company's challenges on the Zambian market

The major challenges on the Zambian market can be summarised as follows:
- Increasing competition
- Product security

### 3.4.3   Leadership Implication

Parmalat Zambia developed a performance management tool that they launched in 2010 called "Performalat" across all subsidiaries to enhance and build people capabilities, identify potential successors, high performance individuals and talents. Further, the tool aimed to foster highly engaged and empowered workforce to be on top of competition. This tool has provided Parmalat Zambia leaders identify good succession leaders to take over the operations of the company in future. It has also provided useful information to leaders of Parmalat Zambia to enable them put

Jane Willima Daka    000961027

together an action plan towards the development of each employee (Parmalat Annual Report, 2017).

## 3.5 Chapter Summary

This chapter provided an overview of  Parmalat Zambia Ltd and its operations in Zambia. The next chapter discusses the research methodology that was used for this research process.

# CHAPTER 4: RESEARCH METHODOLOGY

## 4.1 Introduction

The ideal methodology techniques that will be used in this paper are both quantitative and qualitative methods or a mixed approach. A way of differentiating the two methods is to make a distinction between numeric data comprising of numbers and non-numeric data comprising of words, images, video and clips (Saunders et al. 2016). Within quantitative research, a questionnaire is largely used to collect data for analysis whereas within a qualitative research, interview are conducted (Saunders et al. 2016).

In conducting this research, two methods will be applied. Firstly, there will be desk research that will be aimed at identifying and analyzing the current views in academic articles and journals related to the issues at hand. Based on this, we expect to come up with a general perception of a successful leader and what their traits and styles are to which can be attributed to their success. The second method will be a survey of experienced managers, consultants and subordinates with specific characteristics such as work experience, period of work under different managers, among others. This will be the field research and it will based on results drawn.

## 4.2 Research Approach and Implementation

In this section of the thesis, the research method will be described in detail. It starts with the scientific explanation of the reasoning behind the selected method, and then goes on to describe how actually the research was undertaken. It concludes with explaining the validity of the selected methods and approach.

### 4.2.1   Research Paradigm

A paradigm consists of four parts: ontology, epistemology, methodology, and methods. Ontology is "concerned with the nature of existence" (Crotty, 1998). This sentence is considered as the departure point of all research (Grix, 2004). Epistemology, on the other hand, "deals with the nature of knowledge" (Crotty, 1998). It deals with the nature of the relationship between the knower and the known.

The relationship between ontology and epistemology is fundamental. Grix (2004) states that "ontology and epistemology can be considered as the foundations upon which research is built."

It is the researcher's ontological and epistemological assumptions that inform the choice of methodology and methods of research.

Based on this, we concluded that the type of research conducted will be based on the assumption that leadership traits and styles exist and are responsible for characterizing a manager. However, their success is dependent on other factors such as assets under management, situation on the market among others.

### 4.2.2 Inductive and Deductive Approaches

Creswell and Plano (2007) refer to two "broad methods of reasoning as the inductive and deductive approaches. According to them, induction is moving from the specific to the general, while deduction begins with the general and ends with the specific; arguments based on experience or observation are best expressed inductively, while arguments based on laws, rules, or other widely accepted principles are best expressed deductively (Creswell and Plano, 2007)

### 4.3 Sampling Frame and Sample Size

The analysis was based on interviewing managers at all levels of authority at Parmalat Zambia Ltd. This company was chosen for it was one of the first multinational corporations to start operations in Zambia. The company has had a share of its own failures and successes. The question therefore, is 'What type of managerial characteristics are exhibited by Parmalat's managers that have made the company survive'.

The sampling was a population of more than 100 managers of the company. Out of this, 20 were selected to be respondents for this exercise. 19 took part in the survey with one manager not taking part for unexplained reasons.

### 4.4 Data Collection

The data collection was undertaken by applying a research questionnaire to the respondents who were randomly selected amongst managers of Parmalat Zambia Ltd. This survey was conducted over two weeks from 8 to 24th August, 2018. A copy of the questionnaire is attached to this dissertation.

## 4.5 Data Processing and Analysis

The data processing was conducted by coding the respondents' views and the results were presented in graphical format. More on this can be found in chapter five.

## 4.6 Reliability, validity, and generalisability of research findings

Validity in qualitative research means "appropriateness of the tools, processes, and data". Whether the research question is valid for the desired outcome or not, the choice of methodology is appropriate for answering the research question, the design is valid for the methodology, the sampling and data analysis is appropriate, and finally the results and conclusions are valid for the sample and context (Meyrick, 2006).

Since all those facts mentioned by Meyrick are applicable to this case, it can be concluded that the reliability, validity and generalizability of the research findings are in doubt. This means that the results achieved here can be applied to other companies in similar situation like Parmalat Zambia. These means they are a multinational corporation operating in a dynamic market environment in a developing country. This means that the research results can be generalized.

## 4.7 Chapter Summary

The intention of writing this chapter was to present and describe the research methodologies that are applied herein. The decision to select a specific research method was based on rational decision of the epistemiology and ontological approach made by the author. The chapter goes on to describe the research approach as being deducive. The reasoning is that this research is based on observing the sample (respondents) or getting their opinions on specific issues. Based on their answers, the study goes on to make conclusions that provide answers to the research questions.

Jane Willima Daka    000961027

# CHAPTER 5: FINDINGS AND ANALYSIS

## 5.1 Introduction

In this chapter, the research findings from the research questionnaire administered to a selected sample of Parmalat Zambia managers are presented. The questionnaire results are divided into three groupings: relationship with subordinates, teamwork, and leadership characteristics exhibited by the managers.

## 5.2 Presentation of Research Results

The research results were sorted out and coded based on the coding of the answers at the beginning of the research questionnaire. Based on this, the final results were presented in graphical format, according to the three groups of answers described above.

### 5.2.1 Relationship with Subordinates

Figure 4: Relationship between manager and subordinates
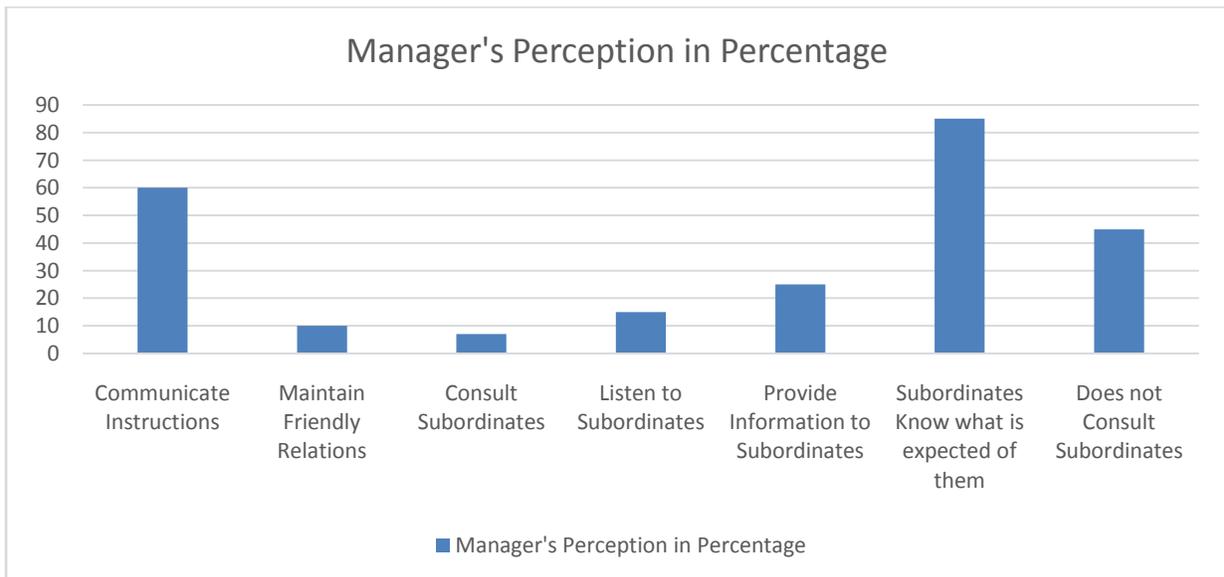


From the results shown in the Figure 3 above, it can be seen that the relationship between the manager and his subordinates is that of master and servant. Managers communicate instructions to subordinates. However, they do not consult the subordinates as regards the rationality of the decisions. Indeed managers provide

Jane Willima Daka    000961027

information to the subordinates, enough to make sure that the subordinates can perform the task.

This is in line with Hofstede's theory on power distance which suggests that Zambians have a high affinity for power – 60%. The question is in the way this power is vetted. From the research on Parmalat, it can be seen that it is used to strengthen the managerial or leadership position.

### 5.2.2 Teamwork

Figure 5: The exhibition of teamwork by managers of Parmalat Zambia
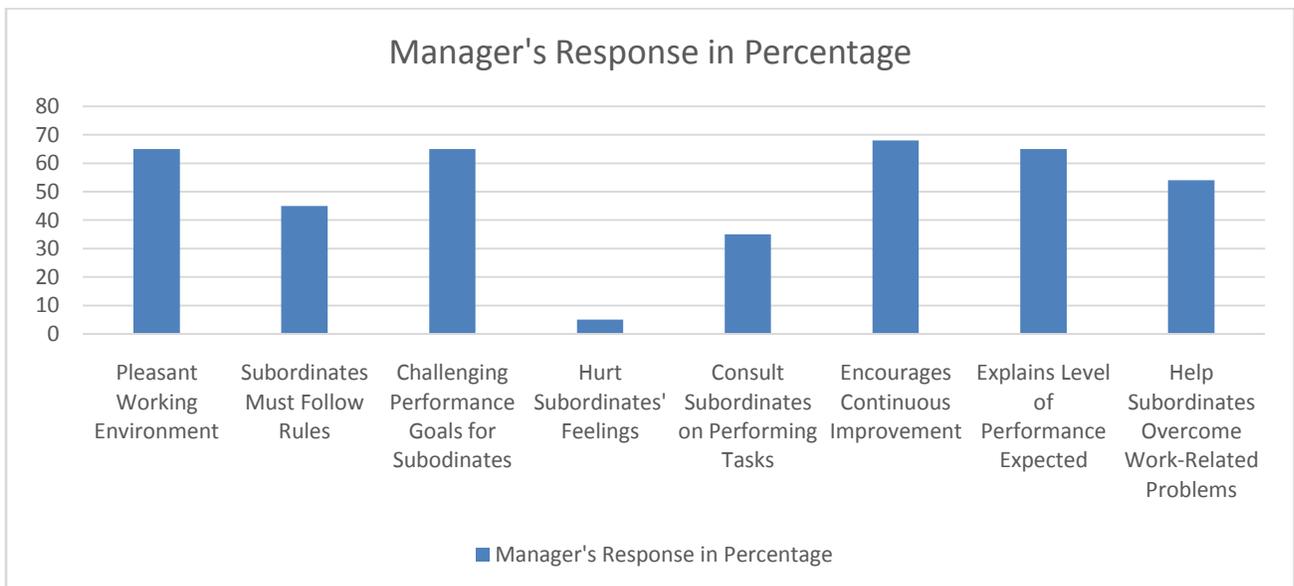


From Figure 4 above, it can be seen that managers are collectivistic in their behavior with subordinates when it comes to taking responsibilities. They tend to share responsibilities with the subordinates. The same can be said about accountability. The managers endeavor to create a pleasant working environment by giving the subordinates challenging tasks and explaining the level of performance expected. Managers try by all means not to hurt the feelings of subordinates.

These results are in line with Hofstede's theory which suggests that Zambian managers are collectivists and they avoid individual performance that leads to individual accountability for mistakes made.

Jane Willima Daka    000961027

### 5.2.3 Leadership Traits

Figure 6: Leadership traits exhibited by managers from Parmalat Zambia
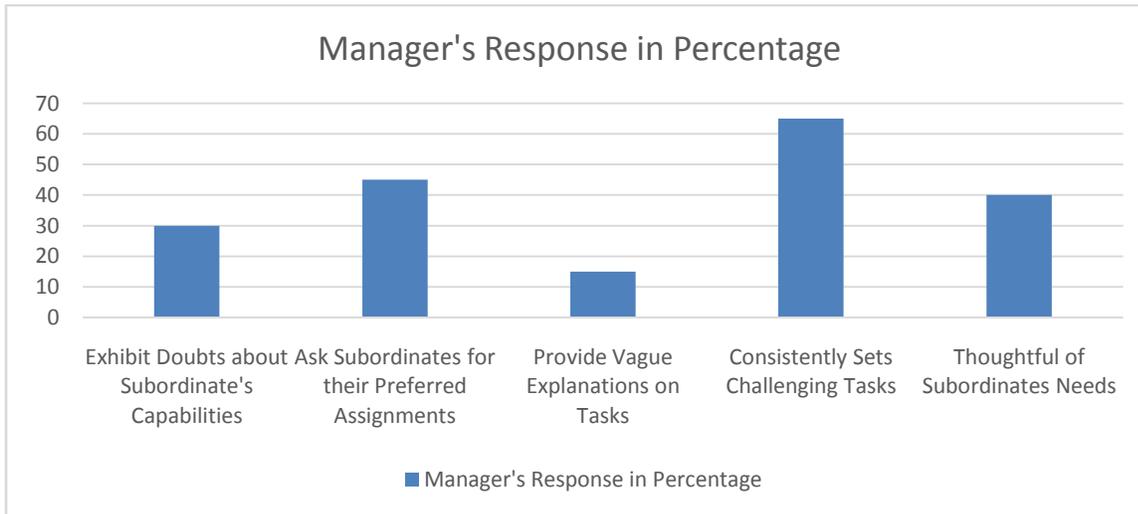


Having characterized leadership traits in Chapter two in the section dealing with Hofstede's 6-D Model, it can safely be said that the managerial characteristics based on culture for Zambian managers is known and it is presented in Section 2.3.5, above. From Figure 4 above, it can be seen that managers are consistently setting challenging tasks for the subordinates. They also ask the subordinates to choose which tasks they would feel comfortable to perform. The managers are thoughtful of the subordinate needs but also are not comfortable with the subordinate's capabilities.

This leads to a situation whereby teamwork is dominating as it disperses accountability and responsibility. The managers select people to work with by having in mind that they can give the subordinates tasks that they are likely to perform successfully. This leads to a situation where many subordinates are "free riders" in the process. This can have a negative impact on the results of the team.

### 5.3 Response to Research Question Number One

*What is difference between leadership and management and how does each one of them influence the achieving of corporate profitability?*

It is generally taken that a leader rules based on charisma. His authority comes as a result of people liking him. On the other hand, a manager rules through authority

Jane Willima Daka    000961027

vested in him by the owners of the venture or the shareholders. His authority is derived from the authority given to him by the shareholders.

Therefore, the way these two types of managers run the company is different. In the case of a leader, his management style and authority (acceptance by the workers) is based on the workers accepting him. In contrast, the manager's authority is derived from the respect workers give him because he is the chosen one by the business owners (Gordon, 2016).

## 5.4 Response to Research Question Number Two

*What are the characteristics of a modern manager that will make them achieve corporate success in today's business environment?*

The following are the generally accepted characteristics that a modern manager should possess in order to achieve corporate success. The accepted characteristics are:

- *Emotional intelligence*: Emotional intelligence is an organizing framework for categorizing abilities relating to understanding, managing and using feelings (Salovey and Mayer, 1994). On the other hand, Bar-On (1988) expressed emotional intelligence that consisted of interrelated emotional and social competencies, skills and facilitators that determine how well we understand and express ourselves, understand others and relate with them, and cope with daily demands, challenges and pressures. Emotional intelligence relate to empathy.

  In the case of Parmalat Zambia, we can see from the way managers treat their subordinates as illustrated in the research results presented in Figure 5.2.1, above, that their approach is rather a laissez faire matter.

- *Leadership skills*: Leadership skills are tools, behaviors and capabilities that a person needs in order to be successful at motivating and directing others. However, leadership involves more than that – the ability to help people grow their own abilities (McPheat, 2010).The leadership characteristics of Parmalat Zambia managers are explained in Section 5.2.3, above.

- *Focused on change/Change management*: Due to the intensity of change in the World of business as a result of globalization and technological

advancement, it has become necessary for companies to adapt to change. Therefore, modern managers have to be experts in change management (By, 2005). This requires the acceptance of other people in the way they are and being tolerant to people of different cultures. This also entails being ready to accept changes that arise in the business environment due to many factors, especially technology and globalization.

- *Motivating others*: According to Jiang, (2010), motivation theory is one of the most important theories in Human Resource Management (HRM). It explains what organizations can do to encourage people to apply their efforts and abilities in ways that will further the achievement of the organization's goals as well as satisfying their own needs (Armstrong, 2001). There are a number of methods to motivate people such as rewards, punishments, actions to satisfy needs, psychological processes among others. From the survey, it could be seen that Parmalat Zambia does not give workers motivating tasks but rather challenging tasks. The employee has got the option of selecting the task.

This brings us to the important issue of management and leadership. According to Armstrong, (2001) leadership is ***doing the right thing and management is doing things right***. This illustrates how the two management skills need to work together. In order to be a fully accomplished manager, one needs to have the ability to manage the day to day tasks of the company and deliver results, while seeing the opportunity in forthcoming change and the big picture as provided by information from the business environment.

## 5.5 Response to Research Question Number Three

*What are the managerial traits and styles that can make a manager achieve success in the Zambian context?*

As described in Hofstede's theory above, Zambian managers can be described as having a high affinity for power; they are collectivists, avoid uncertainty at all costs, get indulged and are short-term oriented. Such people are usually restrained in their activities and they have a perception that their actions are *restrained* by social norms and feel that indulging themselves is somewhat wrong. This means that they don't

Jane Willima Daka    000961027

really put emphasis on expressing their appreciation of worker capabilities and achievements. This can affect the way managers motivate their employees. This is seen in the motivation system at Parmalat Zambia which includes a 60 dimensional power score.

## 5.6 Conclusions and Recommendations

In this section, the conclusions and recommendations arising from this research are presented below.

### 5.6.1   Conclusions

There are a number of conclusions that arise from conducting this research on leadership traits and their impact on corporate profitability. These are:

- Corporate profitability is dependent on leadership traits of the managers, especially the way they motivate their subordinates.
- Culture is one way that dictates the way people do this. It can be seen from the way managers run their activities as exhibited in Section 5.2 which presents the research results.
- Based on Hofstede's 6 – D Model, Zambian managers have a collectivist approach to responsibility, have a high affinity for power, and do not like operating in a business environment that characterizes uncertainty. This means that Zambian managers are NOT risk takers. This is a negative characteristic in the global environment of modern business.
- Finally, the Parmalat Zambia managers have got one situation that works to their advantage. They do not have the power to make final and committing decisions. This leads them with little room to make risky and profitable decisions of their own.

Jane Willima Daka    000961027

### 5.6.2 Recommendations

From the research analysis made above, the following recommendations are put forward:

- When entering a new market, it is important to consider the cultural aspect. Parmalat did not consider this when entering the Zambian market. It is recommended that any company considering going global must look at the cultural compatibility with the final destination market.

- The Zambian Parmalat managers need to be motivated to enhance productivity. The Parmalat board of directors should consider realigning their remuneration policy to be more motivating but result-oriented.

- Because of their collectivist nature, Zambian managers need to undertake further training and attachment to other countries in order to appreciate the global impact of the company's operations. It will also make them change their behavior to suit the global business environment.

- Additional research needs to be undertaken that will show what motivates Zambian workers and disseminated to all multinational corporations wishing to enter the Zambian market.

- The link between teamwork and corporate profitability should be properly analysed to reflect the Zambian conditions.

## 5.7 Limitations of the study and directions for future research

The following are the major limitations of this study:

- Parmalat is a multinational corporation that has faced serious financial problems, leading to the bankruptcy of the original company. On the ashes of that corporation arose a new company with activities concentrated on corporate governance with much more transparency.

- It is difficult to get data from the Zambian branch on its activities due to the organizational structure of the company that requires approvals from higher authorities located in other parts of the World, especially from South Africa.

Jane Willima Daka    000961027

The author has endeavored to solve these limitations by physically going to meet the respondents (Parmalat managers). It was only after winning their confidence and trust did the managers start coming out and expressing their opinion without fear or favor.

## 5.8 Chapter summary

This chapter has presented the findings of the research results and has made conclusions and recommendations arising from the research. The objectives of the research have been realised and the research questions have been answered. Appropriate recommendations have been made, firstly, the changes that have to be made in Parmalat Zambia in order to improve the leadership capabilities of the managers, and secondly, the potential areas of academic research.

## REFERENCES

1. Altman E.I. (1968). "The Journal of Finance" Vol.23, No.4.(Sep., 1968),pp.589-609

2. Armstrong M. (2001). "A Handbook of Human Resource Management Practice. Eighth Edition". The Bath Press,Bath, United Kingdom

3. Ayman R, Chemers M. M. and Fiedler F., (1995). "The contingency model of leadership effectiveness: Its levels of analysis". The Leadership Quarterly 6(2):147-167 · June 1995.

4. Bass B. M., (1997). "The ethics of transformational leadership". KLSP:Transformational Leadership, Working Papers.

5. Bass, B. M. and Bass, R. (2008). "The Bass handbook of leadership: Theory, research, and managerial applications (4th ed.)". New York: Free Press.

6. Bass, B.M. (1990). Bass and Stogdill's Handbook of Leadership: Theory, researchand managerial applications (3rd Ed.) New York: Free Press.

7. Belasen, A. and Frank, N., (2008) "Competing values leadership: quadrant roles and personality traits". Leadership & Organization Development Journal, Vol. 29 Issue: 2, pp.127-143.

8. Berle, A. A., and G. C. Means. (1932). "The modern corporation and private property". New York:Commerce Clearing House. Reprinted 1933 by Macmillan.

9. By R. T., (2005). "Organizational Change Management: ACritical Review". Journal of Change Management, Vol. 5, No. 4. 369 – 380. December 2005.

10. Chung-Hsiung F, Sue-Ting C and Guan-Li C., (2009). "Applying Structural Equation Model to Study of the Relationship Model among leadership style, satisfaction, Organizationcommitment and Performance in hospital industry". IEEE (2009).

11. Collins, J. and Hussey, R. (2009) "Business research: a practical guide for undergraduate and postgraduate student".3rd Edn. Basingstoke: Palgrave Macmillan.

12. Creswell J.W. and Plano C. V.L. (2007). "Designing and conducting mixed methodsresearch". Thousand Oaks, CA: Sage Publications,

13. Crotty, M. (1998). "The Foundations of Social Research". London: Sage.

14. Daft, R. (2012). "The Leadership Experience, 5th Edition". Mason, OH: Cengage Learning.

Jane Willima Daka    000961027

15. De Mooij M and Hofstede G. (2010). "The Hofstede model: Applications to global branding and advertising strategy and research". International Journal of Advertising, 29(1), pp. 85–110. The Advertising Association.

16. Elkington, J., (1994). "Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development." California Management Review 36, no. 2 (1994): 90–100.

17. Etzioni, A. (1961). *A comparative analysis of complex organizations*. 1st ed. New York: The Free Press.

18. Fama E.F., (1980). "Agency Problems and the Theory of the Firm". Journal of Political Economy, Vol. 88, No. 2 (Apr., 1980), pp. 288-307. Chicago University Press.

19. Ferrarini G. and Giudici P., (2005). "Financial Scandals and the Role of Private Enforcement: The Parmalat Case". European Corporate Governance Institute.

20. Furnham, A. (2005). *The Psychology of Behaviour at Work: The Individual in the Organization*. 1st ed. Hove, East Sussex: Psychology Press.

21. Gehring D. R., (2007). "Applying traits theory of leadership to project management". Project Management Journal, March 2007.

22. Gill, R. (2006)."Theory and Practice of Leadership". London: Sage Publications.

23. Goleman D. (1998). "What makes a leader?" Harvard Business Review, November/December.

24. Gordon M., (2016). "A guide to developing enlightened leadership: 26 lessons from A to Z". The Roffey Partk Institute, Sussex, United Kingdom.

25. Grix, J. (2004). "The Foundations of Research". London: Palgrave Macmillan.

26. Hofstede, G. (1984). "Culture's Consequences: International Differences in Work-Related Values (2nd Ed.)". Beverly Hills CA, USA: SAGE Publications

27. Hofstede, G. (2011). "Dimensionalizing Cultures: The Hofstede Model in Context". Online Readings inPsychology and Culture, 2(1).). https://doi.org/10.9707/2307-0919.1014

28. Jensen, M. C., and Meckling, W. H. (1976). "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." Journal of Financial Economics (October 1976): 305-60.

29. Jiang X., (2010). "How to Motivate People Working in Teams". International Journal of Business and Management Vol. 5, No. 10; October 2010.

30. Judge, T. A., Piccolo, R. F., and Kosalka, T. (2009). "The bright and dark sides of leader traits, A review and theoretical extension of the leader trait paradigm". The Leadership Quarterly, 20(6), 855-875.

31. Kaplan, Robert S., and David Norton. "The Balanced Scorecard: Measures that Drive Performance." *Harvard Business Review* 70, no. 1 (January–February 1992): 71–79. (Reprint #92105.)

32. Kaplan, R. and Norton, D. (2001). Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part II. *Accounting Horizons*, 15(2), pp.147-160.

33. Kotter, J.P. (1996) Leading Change. Harvard Business School Press, Boston.

34. Kumar R., (2011). "Research Methodology – a step-by-step guide for beginners. 3$^{rd}$. Edn". Sage Publications Ltd, London.

35. Kutsar V, Ghose N and Kutsar Y., (2014). "Leadership Analysis Using Management Tools: Steve Jobs". American International Journal of Contemporary Research Vol. 4 No. 2; February 2014.

36. McPheat S., (2010). "Leadership Skills". MTD Training & Ventus ApS.

37. McShane, S. L., & Von Glinow, M. A. Y. (2005). *Organizational behavior* (3rd ed.). Boston ; New Delhi: McGraw-Hill Irwin

38. Meyrick J. (2006)."What is good qualitative research? A first step towards a comprehensive approach to judging rigor/quality". Journal of Health Psychology. 2006; 11:799–808.

39. Minkov, M. (2007). "What makes us different and similar: A new interpretation of the World Values Survey and other cross-cultural data?" Sofia, Bulgaria: Klasika y Stil Publishing House.

40. Mircea, T. P and Della P., (2008). "Types of managers and management styles". Annals of the Oradea University.Fascicle of Management and Technological Engineering, Volume VII (XVII), 2008.

41. Nanjundeswaraswamy T.S. and Swamy D.R., (2014). "Leadership styles. Advances in Management". Vol. 7(2) February (2014).

42. Nichols, A.L, (2014). "What do people desire in their leaders? The effect of leadership experience on desired leadership traits." Leadership & Organization Development Journal, Vol. 37. Issue: 5, pp.658-671.

43. Northouse, P.G. (2004). "Leadership: Theory and Practice". Thousand Oaks, CA:Sage Publications Ltd.

44. Omolayo, B., (2007). "Effect of Leadership Style on Job-Related Tension and Psychological Sense of Community in Work Organizations: A Case Study of Four Organizations in Lagos State, Nigeria". Bangladesh e-Journal of Sociology, 4(2), July, 2007.

45. Owusu-Bempah, J. (2014). "How we can best interpret effective leadership? The case for Q-method," Journal of Business Studies Quarterly, 2014, Volume 5, Number 3, Pages 47-58.

46. Parmalat (2017) Annual Report. Available at http://www.parmalat.com/financial_reports

47. Petersen N., (1991). "Selecting project managers: an integrated list of indicators". Project Management Journal 22 (2).

48. Robert S. Kaplan and David P. Norton (2001). Transforming the Balanced Scorecard from Performance Measurement to Strategic Management: Part I. Accounting Horizons: March 2001, Vol. 15, No. 1, pp. 87-104.

49. Salovey P and Mayer J.D. (1994). "Some final thoughts about personality and intelligence". In R.J. Sternberg & P. Ruzgis (Eds) Personality and Intelligence. Cambridge; CUP, pp 303-318.

50. Saunders, M. N. K., Lewis, P., and Thornhill, A. (2016). "Research methods for business students". Harlow: Financial Times/Prentice Hall.

51. Segato L., (2006). "A comparative analysis of shareholder protections in Italy and the United States: Parmalat as a case study". Northwestern Journal of International Law & Business, 26(2), Winter, 373-446.

52. Slapper, T. F. and Hall T. J., (2011). "The Triple Bottom Line: What Is It and How Does It Work?" Indiana Business Review. Spring 2011 | Volume 86, No. 1.

53. Windsor, D. (2010). "Shareholder wealth maximization". **In** J. R. Boatwright (Ed.), Finance Ethics: Critical issues in theory, practice (pp. 437–455). Hoboken, NJ: Wiley.

54. Zaccaro, S. J., Kemp, C., and Bader, P. (2004). "Leader traits and attributes. The nature of leadership". Sage Publications, Inc. Thousand Oaks, CA, USA.

Jane Willima Daka    000961027

**APPENDICES**

# <u>Questionnaire – Path  Goal Leadership</u>

The questionnaire describes diverse styles and traits of path – goal leadership. It provides an indication of how often each statement is true of your own behavior.

Key: 1 = Never        2=Hardly ever        3 = Seldom        4 = Occasionally

5=Often        6=Usually        7=Always

1. I inform subordinates of what their expectations are                             1 2 3 4 5 6 7

2. I strive in maintaining a friendly working relations with subordinates        1 2 3 4 5 6 7

3. I have consultations with subordinates whenever there is a challenge        1 2 3 4 5 6 7

4. I listen openly to subordinates' suggestions and ideas                          1 2 3 4 5 6 7

5. I notify subordinates regarding their duties and responsibilities            1 2 3 4 5 6  7

6. I let subordinates know that I expect them to perform at their highest level    1 2 3 4 5 6 7

7. I take action without consultation of my subordinates                          1 2 3 4 5 6 7

8. I carry out small things to make it pleasing to belong to a member group      1 2 3 4 5 6 7

9. I ask subordinates to adhere to set regulations and rules                      1 2 3 4 5 6 7

10. I set performance goals for subordinates that are rather challenging        1 2 3 4 5 6 7

11. I utter statements that are hurtful to subordinates' personal feelings        1 2 3 4 5 6 7

12. I ask ideas and suggestions from subordinates pertaining to their assignments  1 2 3 4 5 6 7

13. I provided encouragement in continued improvement in subordinate's performance

       1 2 3 4 5 6 7

14. I provide an explanation regarding the level of performance expected of subordinates
       1 2 3 4 5 6 7

15. I assist subordinates conquer challenges that prevent them from carrying

out their assignments                                                            1 2 3 4 5 6 7

16. I express having concerns about subordinate's ability to meet most objectives  1 2 3 4 5 6 7

Jane Willima Daka    000961027

17. I ask subordinates for suggestions on what assignments should be undertaken 1 2 3 4 5 6 7

18. I give vague explanations of what is expected of subordinates on the job    1 2 3 4 5 6 7

19. I consistently set challenging goals for subordinates to attain    1 2 3 4 5 6 7

20. I behave in a manner that is thoughtful of subordinates' personal needs    1 2 3 4 5 6 7

Jane Willima Daka    000961027