Title

The toxic triangle that may undermine organisational performance

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ABSTRACT

The purpose of this document is to explore which factors must be in place for an organisation to perform, and whether Eskom is practicing any of these essential success factors. Furthermore, the document explores the concept of the Toxic Triangle Model and tries to determine if any of the traits that are found in this model exist at Eskom. Should they exist, the report tries to determine if they can be used to explain the possible reason behind the performance at Eskom. The research methodology that was applied was qualitative, and a semi-structured interview process was used. The key findings from the analysis was that the key factors central to organisational performance are seldom applied at Eskom. Additionally, there is cause to be concerned about transparency, particularly in the area of finances. Furthermore, the level of commitment of employees to their designated work is not at expected levels in the organisation. Lastly, there is prevailing political influence, frequent CEO turnover and frequently changing strategies. All of these factors are impacting on the performance of the organisation. It is recommended that the Eskom Executive Committee make a conscious effort to address the key challenges identified with a high sense of urgency, in order to increase the possibility of profitability, efficiency and sustainability in the organisation.

DECLARATION

I, Mandisa Thozama Dlomo, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Mandisa Thozama Dlomo

Signed at Johannesburg on the19th day of February 2015

Signed declaration form submitted in hard copy to The Faculty Office.

DEDICATION

I dedicate this research report to executive management at Eskom Holdings, as it provides insight to issues pertaining to its' leadership, and how it is affecting business performance. The research report also provides recommendations on what strategies Eskom could implement in order to improve organisational performance.

Additionally, I would like to dedicate this report to the Department of Public Enterprises and the Presidency in order to bring to their attention the main issues pertaining to performance at Eskom. This will enable government to provide the right kind of support that may lead to a possible turnaround in the organisation.

ACKNOWLEDGEMENTS

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I also would like to thank my family. To my father Harmlen, and mother Busisiwe, thank you for your motivation and support in all of my endeavours. In addition to this, I would like to thank you for instilling in me the importance of ambition and hard work, as they are the key ingredients to success. To my brother, Loyiso, thank you for being the best little brother a sister could ask for. To my two sisters, Lindiwe and Nomzamo, thank you for always congratulating me in whatever I do. You have no idea how that encourages me to accomplish even more in life.

Finally, and most importantly, I would like to thank the Almighty God. Your grace, love and mercy was sufficient for me to endure whatever challenges I encountered during my studies. You are always victorious! Thank you.

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1.1 Purpose of the Study

The purpose of this research is to determine which factors central to successful organisational performance are being applied at Eskom. Additionally, the study will try to determine if the traits common in destructive leaders, susceptible followers and conducive environments are present at Eskom, and how they affect organisational performance.

1.2 Context of the Study

Eskom Holdings is a State Owned Enterprise (SOE) that supplies 95 percent of electricity to South Africa. It is currently 100 percent owned by the South African Government, which is represented by the Department of Public Enterprises (Eskom, 2014). An SOE is an entity that is created by government to perform commercial activities on its' behalf (Western Cape Government, 2013). The government can either be a whole or majority shareholder of the particular firm (Western Cape Government, 2013). A brief discussion of Eskom's performance over the last 11 years will now take place below, in order to provide perspective of where the company was a decade ago, and where the company is now.

1.2.1 *Changes in Eskom's Performance in the Last Decade*

In 2003, Eskom was a company with a very good reputation. It had a stable supply of electricity, it had financial stability, and it had very good credit ratings (Eskom, 2003). Furthermore, it had made significant progress in terms of the Reconstruction and Development Programme, as well as the restructuring of the organisation in accordance with the Broad-Based Black Economic Empowerment Act (Eskom, 2003). However in 2005, when the Koeberg generator incident occurred in the Western Cape, cracks in the company began to surface, and it became evident that all is not well in the enterprise. By 2008, the blackouts which had only occurred in the Western Cape had now spread to a nationwide scale, and Eskom was no longer in a position to ensure continuous supply of electricity to the country (Eskom, 2009). This was mainly due to the fact that the reserve margin had dropped from 15 percent to five percent between 2005 and 2008, and heavy rainfalls had significantly compromised the quality of coal supply at power stations (Eskom, 2009). By 2009, the company was recording an operating loss of R13.76 Billion before interest and tax deductions (Eskom, 2009). Furthermore, the New Build Programme which looked at increasing generating capacity (power stations) was only initiated by government in June 2004 (Department of Public Enterprises, 2007), and frequent delays have been experienced during construction of these power stations, namely at Medupi Power Station (Matona, 2015). Lastly, recent unplanned plant shutdowns such as the silo collapse at Majuba Power Station have resulted in 5000-9000 MW being lost from the grid (Matona, 2015). This has forced Eskom to review the philosophy of keeping the lights on, so that the focus of the organisation shifts to performing adequate maintenance at Eskom's power stations. The result of this is that customers will be negatively affected as forced load shedding will have to take place. With all these problems facing Eskom, the question is whether executive management at Eskom is adopting the correct leadership traits to steer the company in a direction that will address the predicament it is currently in.

1.2.2 *The Current Status at Eskom*

In the 2013/2014 financial year Eskom made a net profit of R7.1 Billion, but had a debt to equity ratio of 2.06 (Eskom, 2014). In 2003, the company had a debt to equity ratio of 0.3 (Eskom, 2003). The debt to equity ratio is an indication of the proportion of debt and equity that is being used to finance a firm's assets. The aim is to get this value below one as far as possible. If the value is greater than one, it means that the firm is relying heavily on loans to finance its' assets and operations. Therefore, observing the change in the debt to equity ratio in 11 years indicates that operations at Eskom can only be sustained through lending of capital from financial institutions, as the company has insufficient capital of its' own to sustain its' core business activities. In addition to this, Eskom's credit ratings have dropped to the bottom end of the scale at Moody's (Eskom, 2014), and to the second bottom group at Standards and Poor's (Eskom, 2014). This further limits the amount of funding Eskom can receive at sufficiently low interest rates (Eskom, 2014). Moody's and Standards and Poor's are credit rating agencies which analyse the financial status of firms, in order to determine the level of risk associated with borrowing these firms capital.

1.2.3 *How Performance is measured at Eskom*

A shareholders' compact is developed each financial year. It details key performance areas that should be achieved by Eskom. These key performance areas must be agreed upon between the Department of Public Enterprises and Eskom. This is in accordance with the Public Finance Management Act of 1999 (Republic of South Africa, 1999). The following were the strategic objectives for Eskom during the 2013/2014 financial year (Eskom, 2014):

- *Focus on safety* aims at minimising the employee lost time incidence rates.
- *Keep the lights on* is meant to achieve continuity of supply to Eskom's customers.
- *Put customer at the centre* is designed to drive excellent customer service.
- *Improve operations* aims to reduce the level of unplanned system downtime in the Generation, Transmission and Distribution divisions.
- *Deliver capital expansion* looks at achieving timeous execution and completion of capacity expansion projects such as Medupi Power Station.
- *Reduce environmental footprint in existing fleet* mainly applies to existing power stations that are owned by Eskom.
- *Implementing coal haulage and the road-to-rail migration plan* is for coal transportation.
- *Ensure financial sustainability* looks at how financial stability can be achieved for Eskom Holdings.
- *Build strong skills* looks at continuous training of essential skills such as engineers, technicians and artisans.
- *Maximising socio-economic contribution* aims at having the right gender and racial mix at senior management level. Furthermore, it ensures that sufficient BEE compliant companies are procured for contractor work.

Below is a table showing Eskom's organisational performance in the 2013/2014 financial year (Eskom, 2014). The following legend has been adopted to indicate if performance targets were exceeded, met or not met.

🟢 - Good performance
🟡 - Met target
🔴 - Poor performance

Key Performance Areas at Eskom for the 2013/2014 Financial Year	**Performance in 2013/2014**
Focus on Safety	
Employee lost time incidence rate	🟢
Keep the Lights on	
Maintenance backlog reduction based on Eskom Technical Governance Committee approval	🟢
Integrated demand management demand savings	🟢
Internal energy efficiency	🟢
Put Customer at the Centre	
Customer service index	🔴

Improve Operations	
Normal Unplanned Capability Loss Factor	
Energy Availability Factor	
Total System Minutes < 1	
System Average Interruption Duration Index	
Deliver Capital Expansion	
Generation capacity installed and commissioned	
Transmission lines installed	
Transmission capacity installed and commissioned	
Generation new build capacity milestones (Medupi, Kusile and Ingula)	
Reduce Environmental Footprint in Existing Fleet	
Relative particulate emissions	
Water usage per kWh sent out	
Implementing Coal Haulage and Road to Rail Migration Plan	
Coal road to rail migration	
Ensure Financial Stability	
Cost of electricity (excluding depreciation)	
Interest cover	
Debt to equity ratio	
Free funds from operations as a percentage of total debt	

Build Strong Skills	
Training spend as a percentage of gross employee benefit costs	🟢
Engineers	🔴
Technicians	🟢
Artisans	🔴
Youth Programme	🔴
Maximise Socio-Economic Contribution	
Local sourcing in procurement	🟢
Procurement from B-BBEE compliant companies	🟢
Procurement from black youth-owned companies	🟢
Employment equity disability	🟡
Racial equity in senior management, percentage of black employees	🟡
Gender equity in senior management, percentage of female employees	🟡
Racial equity in professional and middle management, percentage of black employees	🟢
Gender equity in professional and middle management, percentage of female employees	🟡

Table 1: Table showing Eskom's key performance areas and its' current level of performance (Eskom, 2014)

1.2.4 ***Discussion of the Poor Performance Areas Indicated Above***

From the table above, it is clear that the current poor performance areas at Eskom (refer to Table One, Pages 4-6) are the customer service index, the normal unplanned capability loss factor and the energy availability factor. Other areas of poor performance are the generation new build capacity milestones, cost of electricity, interest cover and build strong skills. The customer service index is a measure of a customers' satisfaction with Eskom's service, as well as Eskom's ability to recover all revenue that is due to it. The normal unplanned capability loss factor monitors the number of times unplanned shutdowns took place at power stations. An example is when a turbine trip occurs due to a hydrogen leak in the generator. The energy availability factor aims at ensuring that 80 percent of total supply is available throughout the financial year. Generation new build capacity looks at the execution of the Medupi, Kusile and Ingula projects in accordance with the project schedule. Cost of electricity tries to minimise the cost of producing electricity, thus promoting efficiency. Interest cover determines how easily a company can cover interest on its' outstanding debt, and is an indication of a firms' financial stability. Build strong skills looks at the percentage of artisans, technicians and engineers which are trained each year in order to execute the work at expected performance levels. All of these key performance areas (KPAs) are critical to Eskom's success. The poor performance in these areas indicates a problem within the organisation, and a need to determine if destructive leadership traits, susceptible follower traits, and conducive environments (the toxic triangle model) are playing a role in the poor performance. Furthermore, it is crucial to check which factors central to organisational performance are being applied at Eskom.

1.3 Problem Statement

1.3.1 The Main Research Problem

The research problem is to determine which factors central to successful organisational performance are being applied at Eskom. Additionally, this report will try to determine if the main traits in destructive leaders, susceptible followers, and conducive environments (the toxic triangle) are found at Eskom.

The sub problems that this report will address are:

Sub Problem 1

To determine which key factors central to successful organisational performance are being applied at Eskom.

Sub Problem 2

To determine if unfavourable traits in destructive leadership exist amongst Eskom executive managers.

Sub Problem 3

To determine if unfavourable traits in susceptible followers exist amongst Eskom employees.

Sub Problem 4

To determine if environments conducive to destructive outcomes exist within Eskom.

1.4 Significance of the Study

Eskom is an enterprise that supplies an essential service which is required by most businesses to operate. Eskom also supports economic growth in South Africa (Eskom, 2014). Due to the role that Eskom plays in business and society, it is essential that any challenges the organisation faces be properly understood, so that correct measures are applied. For this reason, the possible lack of application of key factors central to organisational performance, as well as the possible existence of destructive leadership traits, susceptible follower traits, and environments which permit unfavourable outcomes (the toxic triangle) should be investigated, so that adequate recommendations may be provided to the firm.

1.5 Delimitations of the Study

The study will include the following aspects:

- The research will focus purely on the traits common in destructive leaders, the traits common in susceptible followers, and the main conducive environments that exist when disastrous outcomes take place at Eskom. In addition to this, key factors central to successful organisational performance will also be observed.
- The participants will be limited to Eskom executive managers, middle managers and line managers.
- The study is limited to Eskom Holdings.
- The participants targeted will include all races and all genders.
- Followers in the literature review shall equate to Eskom employees and leaders shall refer to Eskom executive managers.

1.6 Definition of Terms

SOE: State Owned Enterprise. This is an organisation whose majority or sole shareholder is government.

1.7 Assumptions

- The understanding of the role that key factors central to organisational performance play at Eskom may assist in understanding why the company is underperforming. If Eskom's executive management understands the impact that these factors have on organisational performance, it will be in a better position to identify corrective measures that can be applied to address the issues at hand.

- Furthermore, by understanding the role that the toxic triangle model plays at Eskom, the organisation may be in a better position to identify what can be done to address the predicament the organisation is currently in.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

As the study intends to try and establish the possible causes for underperformance at Eskom, it is important to look at key factors that are central to successful organisational performance. The literature will therefore start by discussing key factors that are central to organisational success. The literature review will then introduce the study of leadership and how it has evolved over the 20th and 21st centuries, by discussing breakthrough leadership styles such as transformational leadership, authentic leadership and ethical leadership. Lastly, the document will end off with a review of recent literature under destructive leadership, and it will explore the idea of the toxic triangle model. This will be the model used in this study in order to understand if traits common for destructive outcomes to occur do exist at Eskom.

2.2 Key Factors for Organisational Performance

In order for businesses to operate successfully, certain key factors must be in place. Critical factors are:

- Satisfactory financial management (Chenhall & Langfield-Smith, 1998)
- Satisfactory project management (Peters, 1984)
- Operational and technical governance (Hawkey, Webb, & Winskel, 2013)
- Effective leadership (Bass, 1999)

All the aforementioned factors will be discussed in detail as they are key areas which Eskom must focus on in order for success to be realised in the organisation.

2.2.1 Satisfactory Financial Management

A study conducted by Chenhall and Langfield-Smith (1998) confirmed that many of the firms that were sampled in the study benefitted financially when management and management accounting techniques such as planning and control, return on investment, divisional profit reports, and cost-profit-volume techniques for decisions were applied. This emphasises that prudent accounting practices are still essential for businesses to be successful (Chenhall & Langfield-Smith, 1998). It has however been discovered that certain firms will misrepresent company finances in order to reflect the image of a profitable organisation (Harris & Bromiley, 2007). A recent study revealed that employees that see personal benefits in engaging in financial misconduct will proceed to engage in such activities (Harris & Bromiley, 2007). An example is a CEOs remuneration in the form of stock options and bonuses. The finding is that the higher the remuneration of a CEO, the higher the probability of fraudulent practices such as accounting misrepresentation being applied in the organisation (Harris & Bromiley, 2007). Another study conducted indicated that lack of adherence to factors such as board composition, board meetings and the tenure of the chairman also play a critical role in the stability of the organisation (Chen, Firth, Gao, & Rui, 2006).

From the literature above, it is crucial to observe if inappropriate management accounting, and other unsuitable financial practices are being applied at Eskom. If they are, it may indicate one of the reasons behind the financial challenges the organisation has experienced in previous financial years (Eskom, 2009,2014).

2.2.2 Satisfactory Project Management

According to Peters (1984), accurate project forecasting is a critical component in ensuring successful completion of a project. Major contributions to project failures are incomplete project scope as well as inadequate risk analysis (Peters, 1984). A study done by Tether and Gil (2011) highlighted the importance of managing risk in complex projects and including flexibility, particularly in large scale projects. In addition to this, Elonen and Artto (2001) state that common flaws which are found in multi-project environments are unclear roles and responsibilities, lack of commitment from all stakeholders, inadequate project level activities, inadequate information management and inadequate management of project-oriented organisations. Hall and Kutsch (2005) explain that while some firms have very good project management processes, a common weak area is effective implementation of risk management processes. This implies that having a risk management process alone is insufficient. It must be checked to see if it is working when applied to a project.

In the context of Eskom Holdings, particularly when looking at the fact that Eskom did not meet the generation new build capacity milestones target (refer to Table One, Page Five), it is essential that this research document seek to find out if poor project management practices, in particular poor risk management, is one of the reasons why the Medupi, Kusile, and Ingula Power Stations are late in terms of their commissioning dates (Eskom, 2014).

2.2.3 Operational and Technical Governance

A study conducted by Hawkey, Webb and Winskel (2013) highlighted that organisations that have a strong focus on technical governance see an overall improvement in organisational performance, particularly in the energy industry. In addition to this, Bolton and Foxon (2013) demonstrate how technical governance, specifically in public sector organisations actually improves not only organisational but governments' performance. Additionally Tsaturan and Muller (2014) also mention how technical governance is the key to success in multiple project management offices.

To this end it is imperative that this research document tries to see if technical governance issues contributed to why the organisation did not achieve the normal unplanned capability loss factor and energy availability factor targets (refer to Table One, Page Five) in the 2013/2014 financial year (Eskom, 2014)

2.2.4 Effective Leadership

Another critical component to successful organisational performance is the presence of strong and effective leaders. Leaders who display a strong ability to influence and challenge employees are usually the reason behind an organisations' success (Bass, 1999). A discussion of the key elements of effective leadership will now follow and will encompass the following four components: exceptional decision making, creating cohesion and alignment in organisations, leaders with influence and the ability to negotiate, and leaders that have solid strategic direction.

2.2.4.1 Exceptional Decision Making

Fenton-O’Creevy et al. (2010) explains the importance of leaders developing their ability to make decisions promptly. In addition to this, they explain the importance of analysing information given prior to making a decision, if there is an opportunity to do so. Intuition is an extremely important factor to take into consideration when making a decision as a leader (Fenton-O'Creevy et al., 2010). Equally important is the need for executive managers to engage in relational leadership and to encourage subordinate participation in decision making (Carmeli, Tishler, & Edmondson, 2012). This minimises the risk of overlooking certain aspects, particularly if leaders do not have technical prowess. Another interesting observation which was made in a study by Fast, Sivanathan, Mayer and Galinsky (2011) is the fact that overconfidence and arrogance displayed amongst leaders in organisations led to them taking decisions that resulted in monetary losses for investors and shareholders. This therefore emphasises the point made by Carmeli, Tishkler and Edmonson (2012) of the importance of including inputs from subordinates when making a decision.

The decision making ability of Eskom’s executive managers will be important to understand in this study, as it may reveal the role that executive leadership is playing in Eskom’s current underperformance.

2.2.4.2 Creating Cohesion and Alignment in Organisations

A recent study showed how firms that value the importance of employees and the role that they played in an organisation saw improved business performance (Rameezdeen & Gunaratna, 2014). Leadership in these businesses invested heavily on aligning the culture within the organisation with the key performance areas of the organisation. In addition to this, Rameezdeen and Gunaratna (2014) also found that organisations that focussed on company culture, leadership, communication and consultation generally saw improved organisational results, as well as excellent employee retention statistics. What is also interesting to note is a study done by Naidoo and Ukpere (2012) that stressed the importance of aligning employees with the vision and brand that leaders want realised in the organisation. By creating consistency between company goals and employee conduct, organisations will have a higher probability of success.

For the purposes of this study, the ability of Eskom's executive managers to create cohesion and alignment at Eskom should be investigated to see if it may not be a possible explanation for underperformance in the organisation.

2.2.4.3 Leaders with Influence and the Ability to Negotiate

Blader and Ya-Ru Chen (2012) explain the importance of understanding the difference between status and power, as it is the key to understanding where a negotiation should start. This is a crucial aspect to determine in order for the objectives of a negotiation to be met. Craver (2010) talks about how most negotiations are not a success because negotiators tend to focus solely on the technical aspects of a meeting, and neglect the non-technical interests that other stakeholders may have. The outcome of this is that an inappropriate strategy is employed during the negotiation process, and the negotiator leaving the meeting not having accomplished the goals he was hoping to achieve (Craver, 2010).

The ability to influence stakeholders, especially government, is particularly important for leadership at Eskom as they deal with government on a regular basis. The possible inability to negotiate with government may have been one of the reasons why Eskom adopted a philosophy of keeping the lights on at all costs that compromised the integrity of generation assets (Matona, 2015). Furthermore, the ability to negotiate is also important as Eskom has 46 919 employees that have various responsibilities within the organisation (Eskom, 2014). It would therefore be important to ensure that leadership in the organisation is able to persuade and direct employees in a direction that will see improved organisational performance.

2.2.4.4 Leaders that have solid strategic direction

Gayle, Tewarie and White (2003) state that strategic management is a critical aspect to address when determining the success of organisations. Porter (1996) also mentions the importance of leaders to realise that firms do not just exist to be operational, but rather to establish a strategic position in terms of where they envision the company to be in the future. Additionally, Porter (1996) explains that operational effectiveness can only guarantee short-lived success.

The idea of strategic positioning should be investigated at Eskom, especially in terms of how executive management is applying it. Executive managers are ultimately responsible for providing strategic direction in the organisation. It is therefore important to check the extent to which Eskom executive managers think strategically as opposed to just focussing on operational issues.

In order to see if any of the key factors central to successful organisational performance are being applied at Eskom, the first research question which this report will seek to answer is:

- Which key factors central to successful organisational performance are being applied at Eskom?

2.3 Introduction to Leadership

Part of the purpose of this research report is to properly understand the idea of the toxic triangle model (destructive leaders, susceptible followers and conducive environments), and to determine which traits found in each component exist at Eskom. In order to understand this model fully, the literature will provide an overview of the development of the study of leadership in the 20^{th} and 21^{st} centuries. It will introduce breakthrough concepts in leadership such as transformational leadership, authentic leadership and ethical leadership. Finally the document will discuss a new area of study known as destructive leadership, and it will then explain traits that are common in the toxic triangle model.

2.4 Evolution of the study of Leadership

Until the late 1940s, research in leadership focussed mainly on transactional leadership, which is based on an agreement between the leader and the follower regarding what is expected in performance. The challenge with transactional leadership is it resulted in mediocre levels of performance in the organisation (Bass, 1997). This led to the study of more effective forms of leadership which included the use of a leaders' personality to motivate followers to achieve exceptional results at work (Bass, 1999). Transformational leadership as described by Bass (1997) looked at influencing the awareness, interest and motivation of followers so that they align themselves with the vision and work ethic required in an organisation.

Transformational leadership is more suitable when change is required. It requires that followers be inspired towards the goal set by leadership (Bass, 1999). In order to obtain commitment from a follower, a leader must be able to influence a follower by communicating what the organisational goals are and what the leaders' expectations are. Most importantly, the leader must leave employees encouraged so that they can accomplish the assignment that has been set for them (Brown & Trevino, 2009).

The discovery and study of transformational leadership led to the development of another form of effective leadership called authentic leadership (Avolio & Gardner, 2005; George, 2007; Sparrowe, 2005), This was mostly due to shortcomings that came with transformational leadership, the main one being that the leader always plays the role of the "hero", and the follower struggles to develop the independence to motivate himself. Authentic leadership on the other hand, is centred on a leader being conscious of his core values, the principles by which he stands, and allowing this to form the basis of how he leads (Trevino, Hartman, & Brown, 2000). Self-awareness, honesty, resilience, leading according to core moral values and interest for others are essential components of authentic leadership. In addition to these traits, authentic leaders have other positive attributes such as hope and optimism (Brown & Trevino, 2006). It is these traits that enable them to withstand difficult situations. Authentic leadership focusses greatly on consideration and thought for others. It also emphasises the importance of taking decisions centred on principles, values and what is right.

Around 2004, the study of ethical leadership evolved. It is centred on leadership doing what is right, as opposed to basing leadership solely on core beliefs (Brown, Trevino, & Harrison, 2004). This is the core difference between ethical leadership and authentic leadership. Ethical leadership focusses purely on leading in the right way, whereas authentic leadership is based on a leaders' core values, which may not necessarily be morally correct. Brown and Trevino (2006) define ethical leadership as leadership with two dimensions to it. The first aspect is the moral person aspect where the individual cares for people, and considers them in his decision making process. They are also perceived as honest, principled, and they are trusted by their employees. There is also the moral manager side to this leadership style, where the leader seeks to instil a culture of just and ethical conduct amongst his employees. The leader will not be afraid to correct individuals if they are not behaving accordingly, and will institute the necessary measures to correct behaviour (Brown &

Trevino, 2006). Ethical leaders also emphasise the importance of law and procedure. Their choices and actions reflect what they stand for, which adds to their credibility (Brown & Trevino, 2006).

Ethical leaders also reveal other traits. Trevino, Brown and Hartman (2009) state that in addition to a leader having moral person and moral manager tendencies, a leader should also engage in social activities. This will cement the perception which employees have of the leader not being corrupt. Trevino, Hartland and Brown (2000) go further to explain that it is now more important than ever for executives and CEOs to demonstrate consistently high standards when it comes to ethical behaviour, because in today's world employees work off-site and independently much more often. In such an environment, it is the values and principles of an organisation that will serve as the glue that makes all employees understand that irrespective of where they are, they should remember to act in a manner that does not tarnish their reputations and the reputation of the organisation (Trevino, Hartman, & Brown, 2000). Most importantly, the values of an organisation should not feel like a burden to an individual, but he should instead demonstrate these values with the highest degree of pride. Lastly, it is paramount that executive leaders communicate business ethics, that they make morally correct decisions, and see themselves as role models for ethical behaviour in an organisation (Trevino, Hartman, & Brown, 2000).

Whilst transformational leadership, authentic leadership and ethical leadership styles are the typical styles that a great leader should possess, recent studies show that not all leaders in organisations possess these leadership styles. In fact, an increasing number of organisations have leaders that influence poor organisational outcomes (Schyms & Schilling, 2013). This discovery led to the development of destructive leadership. It has been identified as an important leadership style to discuss as it can have a detrimental effect on employees and on organisational performance (Schyms & Schilling, 2013).

2.5 Introduction to Destructive Leadership

Destructive leadership has been identified as an important leadership style to discuss as it may have a detrimental impact on organisational performance (Schyms & Schilling, 2013). Destructive leadership can be defined as any behaviour which compromises the overall performance of an organisation, as well as infringing upon the well-being of employees

(Mathieu, Neumann, Hare, & Babiak, 2014). The definition can also be extended to include both passive and active behaviour, that it must be repetitive behaviour observed on an individual, and that it need not be intentional (Eirnasen, Aasland, & Skogstad, 2007). The emphasis is that destructive leadership is determined by outcomes of an action rather than the intent to do evil (Schyms & Schilling, 2013). This is because there are cases where leaders find themselves not intending to be destructive, but their actions and decisions result in unfavourable outcomes (Pelletier, 2012). Padilla, Hogan and Kaiser (2007) elaborate further on what destructive leadership entails. This type of leadership includes coercion, a desire to control personnel, and an element of selfishness in the decisions a leader takes (Rosenthal & Pittinsky, 2006). This contrasts the view that Eirnasen, Aasland and Skogstad (2007) had when they mention that intent should not be taken into consideration when defining destructive leadership, because not all destructive leaders intend to be destructive, but their actions still result in unfavourable outcomes.

2.6 The Toxic Triangle Model

Padilla, Hogan and Kaiser (2007) introduce the concept of the toxic triangle where destructive leaders, susceptible followers and an unstable environment are all necessary prerequisites for destructive outcomes to take place in an organisation. Below is a diagram of the toxic triangle and its' key components. This is the model that will be used to examine whether unfavourable traits do exist at Eskom. A discussion of each component will now be discussed in more detail.

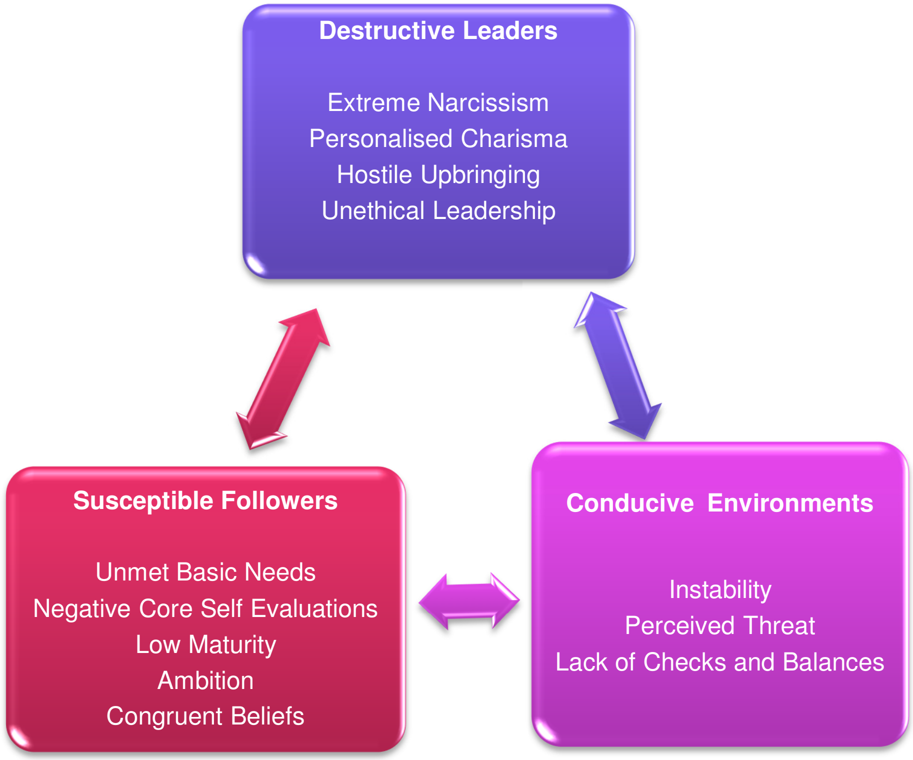

Figure 1: An adapted diagram of the toxic triangle model (Padilla, Hogan, & Kaiser, 2007)

2.6.1 Destructive Leaders

Within The Toxic Triangle Model (refer to Figure One, Page 20) there a common traits that can be found in destructive leaders. Padilla Hogan and Kaiser (2007) state that some of the traits commonly found in destructive leaders are extreme narcissism, personalised charisma, hostile upbringing and unethical leadership.

2.6.1.1 Extreme Narcissism

One of the main traits found in destructive leaders is extreme narcissism. Extreme narcissism is the excessive preoccupation with oneself, and it results in an individual taking decisions that benefit himself primarily (Lopez de Victoria, 2008). O'Reilly, Doerr, Caldwell and Chatman (2014) state that power is a huge motivating factor for narcissistic leaders, and they are often attracted to positions holding status and power. They are also perceived as charismatic, which is how they obtain their popularity amongst followers in the first place (Rosenthal & Pittinsky, 2006). These leaders are often effective at motivating followers who are in need of confident leaders (Padilla, Hunter, & Tate, 2007). A narcissistic leader can also be identified by his arrogance, lack of awareness and selfish desires (Jiyoung & Gabsook, 2013). Nevicka, De Hoogh, Van Vianen, Beersma, and McIlwian (2011) highlight the fact that narcissistic people tend to emerge naturally as leaders in the workplace. This is mainly due to alignment between what a follower believes correct leadership traits are, and traits that a narcissistic leader has in reality (Rosenthal & Pittinsky, 2006).

The characteristics a narcissistic leader would display are confidence, charisma, social skills and decisiveness (Nevicka, De Hoogh, Van Vianen, Beersma, & McIlwain, 2011). Narcissistic leaders enjoy the idea of dominance and power, and are likely to exercise this when opportunities arise in an organisation (Khoo & Burch, 2008). Although narcissistic behaviour is found in successful leaders, the issue is that if this trait is not regulated it can have a negative impact in an organisation (Ferris, Zinko, Brouer, Buckley, & Harvey, 2007). The result of this can be a follower working against a leader (Campbell, Hoffman, Campbell, & Marchisio, 2011). This trait can also result in leaders being unable to consider the thoughts and views of other individuals, being unable to learn from mistakes, and being unable to take criticism. This may possibly lead to non-performance in an organisation, as the same mistakes will be made continually (Rosenthal, Montoya, Ridings, Rieck, & Hooley, 2011).

2.6.1.2 Personalised Charisma

Another trait common in destructive leaders is charisma (Padilla, Hogan, & Kaiser, 2007). People that have the ability to leave an extraordinary impact on individuals are known as charismatic leaders (Wang, Chou, & Jiang, 2005). However, if a leader uses this trait to manipulate a follower into doing wrong things, it then becomes destructive (De Hoogh et al., 2005). Sankowsky (1991) mentions that some charismatic leaders will abuse their popularity by influencing followers into buying into a grandiose vision. The followers will then follow the vision because they idolise the leader (Jacobsen & House, 2001). The reason behind this is because followers are drawn to the ideals that personalised charismatic leaders portray (Waldman, Javidan, & Varella, 2004). The personalised charismatic leader normally portrays the vision in a way that makes followers feel that they are central to achieving the goal, and that they will benefit in the end (Sankowsky, 1991).

House and Howell (1992) state that personalised charismatic leaders tend to abuse their power. They also display an overwhelming ability to persuade subordinates into following their direction, even though it is wrong (Sosik, 2005). The follower may go as far as to embrace the leaders' status to the extent that even the thought of objecting or questioning the leaders' intention is unthinkable (Murphy & Ensher, 2008). This seems to reflect a study conducted by Fraher (2014) where leaders in the organisation unintentionally prioritised short term goals that benefitted themselves, but worked against the organisations' objectives. A personalised charismatic leader is a stark contrast to a socialised charismatic leader, who is more selfless in his approach. Socialised charismatic leaders focus on objectives that benefit the organisation as a whole (House & Howell, 1992). They would rather encourage followers to think critically than manipulate them.

A personalised charismatic leader understands that a followers' emotional state affects his performance, and will skilfully persuade the follower into doing things the leaders' way (Levay, 2010). O'Connor, Mumford, Clifton, Gessner and Connelly (1995) emphasise that organisations must be able to spot leaders who choose organisational goals that satisfy their own personal desires. Conger (1999) also mentions the importance of identifying personalised charismatic leaders in an organisation, as their narcissism and excessive need for self-gratification leads to ambitions which ultimately work against the objectives of an organisation. To link the issues raised on being able to identify personalised charismatic leaders (Conger, 1999), Takala (2005) states that in most instances these leaders engage in impression management to show followers and other leaders that they are competent in their position. Once they have convinced followers and colleagues, it becomes very difficult to identify flaws in their decision making.

2.6.1.3 Hostile Upbringing

A common element in most destructive leaders is how they link their perspective on important matters to their history, and how it influences their decisions on matters in the workplace. In a study performed by O'Connor, Mumford, Clifton, Gessner and Connelly (1995), they were able to determine that the harm caused by a leader in an organisation was similar to destructive acts that an individual experienced in his youth. The negative behaviour that was witnessed in his childhood years has now translated into the wrong way of thinking (Muris, Meetsres, Morren, & Moorman, 2004). Destructive leaders usually lack awareness in terms of the impact that their decisions have. This is because their mind-set has been programmed to thinking in one way, which is usually wrong (O'Connor, Mumford, Clifton, Gessner, & Connelly, 1995).

It has also been found that a leaders' negative perception of himself leads him to believing that he is incapable of influencing people to move in the right direction. This leads to the leader using coercion and bullying as means to get people to act, which results in damaging consequences (Mumford, Clifton, & Smith, 1995). Furthermore, life histories and perceptions of a leaders' purpose in life are important factors that come into play when destructive acts are analysed (Begue & Muller, 2006). Parents as well as social backgrounds are very strong influences that impact how an individual perceives life (Gessner, O'Connor, Clifton, Connelly, & Mumford, 1993). Leaders from good family backgrounds usually have a positive outlook in life and are likely to have received love, care, support, and disciplinary action if they were involved in a misconduct. They have a mentality that because they know better, they can do better (Muris, Meetsres, Morren, & Moorman, 2004). In contrast, individuals with a negative outlook in life usually come from broken and disadvantaged backgrounds where there was a lack of parenting and teaching of moral values and standards (Gessner, O'Connor, Clifton, Connelly, & Mumford, 1993).

2.6.1.4 Unethical Leadership

Unethical behaviour is a characteristic that is dominant amongst destructive leaders. It is essential to discuss this trait as it has been observed more often in recent days. An example is the global financial crisis of 2008 which was pinpointed to lack of corporate governance practices by executive leaders' at large financial institutions in the United States (Erkens, Hung, & Matos, 2012). This issue is also very applicable in the South African context when looking at the scrutiny most public leaders have received. An example is the exorbitant executive salary increase of R15.36 Million that was received by the previous CEO at Eskom in the 2013/2014 financial year (Eskom, 2014), relative to his annual package in the previous financial year of R8.4 Million (Eskom, 2013). The reason this is unethical is because the salary increase seems to go against the Business Productivity Programme that Eskom embarked on, which was meant to reduce the cost of running the organisation (Eskom, 2014).

Brown (2007) argues that the importance of employing ethical leadership is that it will result in strengthening the trust of followers and influencing ethical behaviour amongst followers. This results in followers taking extra steps to ensure that they perform the work to the standards set by their leaders (Brown & Trevino, 2006). With unethical leadership, however, the leader will use coercion and whatever means necessary to persuade the follower to perform acts that seek to benefit the leader (Brown, Trevino, & Harrison, 2004). This behaviour normally leads to the misuse of firms' resources to meet the leaders' desires (Padilla, Hogan, & Kaiser, 2007). Other findings that support the need for ethical conduct is that it can strengthen investor confidence about an organisation as they are provided with a high level of assurance that their assets are in safe hands (Doidge, Karolyi, & Stulz, 2007).

From the literature that has been discussed on destructive leaders, the question that this research report will attempt to answer is:

- Are there destructive leadership traits that are dominant amongst executive managers at Eskom?

2.6.2 Susceptible Followers

In line with the toxic triangle model (refer to Figure One, Page 19), Padilla, Hogan and Kaiser (2007) further define that it is also important to study followers when it comes to poor organisational performance. This is because it is their actions under the instructions of the leader that end up in the outcomes the organisation experiences. There are essentially two types of followers: conformers and colluders (Padilla, Hunter, & Tate, 2007). Conformers are followers that submit to a leaders' vision out of fear, and colluders follow the leader because of their agreement with the leaders' destructive agenda (Samnani & Singh, 2013). Conformers are typically followers with unmet basic needs, a low self-esteem and low maturity levels. They need a leader that will motivate them to higher levels of performance (Visser, Knippenberg, Kleef, & Wisse, 2013). Colluders are typically ambitious followers that that have bad values and share congruent beliefs as the leader (Padilla, Hogan, & Kaiser, 2007). Each trait under susceptible followers will be discussed below.

2.6.2.1 Unmet Basic Needs

Atherton, Graham and Stedman (2011) describe that a follower will tend to follow a leaders' direction, even if it is wrong, because of lack of self-motivation. The leader, through their charisma, will entice the follower to do certain things, and that he has an important role to play it in order to achieve a goal (Zhu, Newman, Miao, & Hooke, 2013). It is not to say that the desire was never there from the followers' side, but the follower lacks the self-actualisation to motivate himself to fulfil that desire (Maslow, 1943). The leader therefore, helps the follower in realising his unmet basic needs.

2.6.2.2 Negative Core Self-Evaluations

Pierce and Gardner (2004) have found that self-esteem assists followers in developing the courage to make ethical decisions, even if it goes against the instruction of the leader. Another article by Robson (1988) mentions that low self-esteem leads to submission, even if the follower is aware that the consequences of his actions will lead to undesirable outcomes. This is in contrast to the follower that has high self-esteem, who will be assertive enough to question actions that make him uncomfortable (Bligh, Kohles, Justin, & Stovall, 2007). Illies, Morgeson and Nahrgang (2005) argue that in order for self-esteem to be instilled amongst employees, leaders should create a eudemonic environment which encourages a culture where followers are given the freedom to express their concerns on particular matters. This would minimise the desire for followers to act unethically.

2.6.2.3 Low Maturity

Padilla, Hogan and Kaiser (2007) argue that individuals that lack maturity are likely to conform to a leaders' will. The reasoning behind this is that peoples' superficial egos tend to collapse when amongst a crowd, and only individuals with true self-esteem will speak up and raise concerns (Bligh, Kohles, Justin, & Stovall, 2007). Ferris, Zinko, Brouer, Buckley and Harvey (2007) argue that people who lack an understanding of who they are and what they stand for will tend to accept whatever is given to them. This has the potential of leading to disastrous outcomes.

2.6.2.4 Ambition

Hollander (1995) argues that although followers will participate in actions that will damage the organisation, certain followers can benefit personally. Kellerman (2005) also states that followers may continue with certain actions if there is a promise of security or benefit from the leader. This to the follower has more advantages than the risk of speaking up and losing out on the paybacks as promised by the leader. The term used to describe these followers is opportunists, as they only follow for personal gain (Padilla, Hunter, & Tate, 2007).

2.6.2.5 Congruent Beliefs

Mikulincer, Shaver, Izsak and Popper (2007) speak of acolytes, who are followers that actually believe in the vision of the destructive leader. This is mainly because of congruency between the ideals that the leader and the follower have (Howell & Avolio, 1992). Padilla, Hogan and Kaiser (2007) argue that these kind of followers are likely to be the most committed because of the genuine faith they have in the leader. They will stick with the leader until the end, and are unlikely to divert from the mission the leader established (Toor & Ofori, 2009).

Following the discussion of key traits found in susceptible followers (refer to Figure One, Page 19), the third research question which this report will seek to answer is:

- What are the dominant susceptible follower traits amongst employees at Eskom?

2.6.3 Conducive Environments

As shown in Figure One (refer to Page 19), for destructive outcomes to occur, certain types of environments need to be in place (Sharfman & Dean, 1991). Fredickson and Mitchell (1984) state that the most prominent environments are unstable environments, and environments that have cultures that create room for destructive behaviour. Furthermore, an organisation that does not have proper institutions or that does not implement them effectively also gives way to destructive leadership (Padilla, Hogan, & Kaiser, 2007). An example of conducive environments would be the role that government played in only approving the build programme in 2004 to expand Eskom's generation assets (Department of Public Enterprises, 2007). This programme should have been approved earlier in order to prevent shortages in electricity supply and load shedding.

2.6.3.1 Instability and Threat

As per the toxic triangle model (refer to Figure One, Page 19), Bass (1997) explains that instability in an organisation calls for the presence of a strong and effective leader. In such an environment, followers will tend to be submissive if their well-being is in danger (Damanpour, 1991). Another major point about instability is that it is usually an environment where the leader is given complete autonomy because circumstances require quick decision making, with followers trusting that actions will benefit the organisation (Bass, 1999). The issue however, is that the ethical values of the leader are not strong enough for them to regulate their decision making, and to ensure that actions benefit the organisation, and not themselves (Brown & Trevino, 2006).

2.6.3.2 Lack of Checks and Balances

In accordance with the toxic triangle model (refer to Figure One, Page 19), Hofstede (1980) argued that destructive outcomes tend to emerge in an environment where the organisation has a culture that discourages uncertainty, encourages and practices power distance and that encourages individualism. This environment, as argued by Hofstede (1993), is an environment that would allow destructive leaders to exercise incorrect ways to lead an organisation. This is unlike organisations that encourage participation from employees at work (Brown & Trevino, 2009). Another measure which can be put in place is institutions that govern and regulate the level of discretion leaders have in an organisation (Brown, 2007). This would also limit the amount of abuse a leader exerts in an organisation (De Hoogh & Hartog, 2008).

From the discussion on conducive environments, the fourth research question which this report will seek to answer is:

- Which environments conducive to destructive outcomes are dominant at Eskom?

2.7 Summary of the Literature Review

This chapter started off by introducing key factors required for successful organisational performance, and the literature then briefly discussed the development of breakthrough concepts in the study of leadership such as transformational leadership, authentic leadership, and ethical leadership. From the discussion of these leadership styles, the literature then discussed a new area of study called destructive leadership, and the toxic triangle model (refer to Figure One, Page 19) was introduced in detail to explain what key components are required for destructive outcomes to take place in an organisation. The key components that were elaborated on were destructive leaders, susceptible followers, and conducive environments. Under destructive leaders, extreme narcissism, personalised charisma, hostile upbringing and unethical leadership were the traits that are commonly found. When analysing susceptible followers, they normally have unmet basic needs, negative core self-evaluations, low maturity levels, ambition and beliefs congruent with their leader. The types of environments that lead to unfavourable outcomes are instability, perceived threat, and lack of checks and balances. The following research questions were developed for this research:

- Which key factors central to successful organisational performance are being applied at Eskom?

- Are there destructive leadership traits that are dominant amongst executive managers at Eskom?

- What are the dominant susceptible follower traits amongst employees at Eskom?

- Which environments conducive to destructive outcomes are dominant at Eskom?

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Introduction

This section describes the methodology that was followed for this research report.

The research methodology that was used was qualitative in nature. The research design that was chosen was a case study, and the case site that was selected was Eskom Holdings. The population that was chosen was executive, middle and line managers at Eskom, and the sample size that was used was three executive managers, two middle managers and seven line managers. Permission to conduct interviews was requested from Eskom and permission was granted by the organisation in writing using a formal letter. The snowball sampling method was the sampling strategy that was applied during the data collection process. The research instrument that was used was a semi-structured interview schedule, as the responses to the questions were expected to vary. The data was analysed using thematic content analysis. External validity was maintained by having an external individual review the interview questions and verify that they address the research questions. Internal validity was achieved by developing a consistency matrix which ensured that there was a research question and interview question to address each sub-problem. Finally, reliability was achieved by producing the same interview schedule during each interview.

3.2 Research Method

The research method that was used for this report was the qualitative research method. It was well suited for this study because the report was seeking to answer research questions that were developed in the literature review. The research questions were:

- Which key factors central to successful organisational performance are being applied at Eskom?

- Are there destructive leadership traits that are dominant amongst executive managers at Eskom?

- Which environments conducive to destructive outcomes are dominant at Eskom?

In addition to providing answers for the aforementioned research questions, qualitative research methodology provides a better understanding of complex psychological issues (Marshall, 1996). Furthermore, qualitative research is also applicable when a small sample size is used, and when generalisations cannot be applied (Marshall, 1996). This is especially true when the purpose of the research is to understand the reasons behind the behaviour of an individual, dynamics in organisations, and how individuals interact in the social world (Merriam, 2002). Some criticism has been given to qualitative research because it is possible for findings to be subjective, thus distorting what the actual perception of the findings should be (Horsburgh, 2003).

Below is a table showing advantages and disadvantages of qualitative research methodology.

Advantages	**Disadvantages**
It is useful in analysing an individual case.	It can fail to analyse data adequately if rigour is lacking.
It is can be used to explain complex phenomena.	It is only as reliable as how adequately it is applied.
It can be used when it is required to explain an individuals' personal experience.	It can be regarded as having lower credibility than quantitative research, because it is relying on the researcher to objectively analyse subjective data.
It can describe a phenomenon that pertains to a particular context in great detail.	It takes more time to analyse the data in comparison to the quantitative research method.
It can be used to understand dynamic processes.	

Table 2: Table showing the advantages and disadvantages of qualitative research methodology (Johnson & Onwuegbuzie, 2004)

The assumptions which were associated with this methodology is that the participants identified would have observed enough about executive managers, employees and the environment to provide adequate responses to the interview questions.

3.3 Research Design

The research design that was applied was a case study. It was appropriate for this research as the research questions were concerning a particular firm (Easton, 2010). Case studies enable the researcher to understand the dynamics of a particular firm in greater depth (Jarvensivu & Tornroos, 2010). Case studies are also useful when it is not suitable to apply findings to other firms within the same industry, particularly when dynamics vary far too greatly (Jarvensivu & Tornroos, 2010). This has the advantage of adding rigour to the research report. Case studies are able to supply quality information, provided the researcher drives quality throughout the entire data collection and analysis processes (Beverland & Lindgreen, 2010). Beverland and Lindgreen (2010) also state that there has been significant improvement in the quality of case study research. They key however, is that the researcher needs to carefully plan and execute the research approach, as well as ensure rigidity throughout the entire process.

Below is a table with the advantages and disadvantages of using a case study:

Advantages	Disadvantages
A case study allows the researcher to provide detailed insight on phenomena pertaining to a particular firm.	The findings from the research cannot be applied to similar firms as they were not studied. Thus a separate study would need to be performed.
A case study accommodates the fact that dynamics differ from entity to entity, and avoids general statements being made.	

Table 3: Table showing the advantages and disadvantages of using the case study approach

3.4 Case Site

The case site that was used for this research was Eskom Holdings SOC Ltd. Its' head office is situated in Sunninghill, Johannesburg.

3.5 Population and Sample

3.5.1 Population

The population that was used was Eskom management who hold either an executive management, middle management, or line management position in the company. The reason for this target was because it was assumed that all these management levels were in a position to have observed the impact that leadership had on employees in the company. Moreover, it was assumed that they would be in a position to accurately provide input on the types of environments that exist at Eskom.

3.5.2 Sample and Sampling Method

The sample that was used for this study were three Eskom executive managers, two middle managers and seven line managers.

The sampling method that was applied was snowball sampling. Snowball sampling is used when the sample identified is due to a relationship the researcher has with the participants or other networks in a firm (Goodman, 1961). In this case as a former Eskom employee, the researcher approached personnel from the Eskom Governance and Reporting Department to assist in obtaining permission to conduct the study. In addition to this, written permission was obtained from Eskom to proceed with contacting the respondents that agreed to participate in this study. Snowball sampling is also very useful when the targeted participants hold senior positions within the company, and they are difficult to get hold of (Atkinson, 2001). Biernacki and Waldorf (1981) explain that the snowball sampling method is particularly useful when sensitive or inside information is required. This was also applicable in this research report, as the information required for this research was best retrieved if personnel within Eskom are interviewed. Biernacki and Waldorf (1981) also stipulate that the researcher must be cautious to monitor this sampling strategy to ensure that the correct people are identified for the research, and that the process is terminated once it is no longer required. Furthermore, the verification of potential respondents must be done to ensure it is the correct sample (Faugier & Sargeant, 1997).

Below is a list of advantages and disadvantages of using the snowball sampling method.

Advantages	**Disadvantages**
Snowball sampling can shorten the time taken to recruit the required candidates for the study.	It can lack traceability as it usually requires informal techniques to be applied when seeking the correct participants. Care must therefore be taken when using this approach to ensure that there is evidence that permission was obtained to approach participants.
It is an easy and efficient method to use.	
It is normally based on inherent trust between the interviewee and the interviewer, thus increasing the likelihood that the identified person will agree to participate in the research.	

Table 4: Table highlighting the advantages and disadvantages of the snowball sampling strategy (Sadler, Lee, Seung-Hwan, & Fullerton, 2010)

Below is a table of the participants that were used during the interview process:

Position of Participants	Number
Executive Managers	3
Middle Managers	2
Line Managers	7

Table 5: Table showing the participants used during data collection

3.6 The Research Instrument

The research instrument that was used was an interview schedule, and a semi-structured approach was applied for this research report. Semi-structured interviews are more suited when varied answers may be provided by participants which may give rise to different emerging questions during interviews, however structure is still required to ensure that relevant information is collected (Healey et al., 1993). This technique allows an interviewer some level of control in terms of the direction the interview takes. For this research, a semi-structured approach was chosen as there was a strong likelihood that different answers would be provided by the interviewees. During the interview process, the researcher must ensure that interview questions are consistent in order to ensure that any differences identified are purely in the participants' answers. Differences in responses should not be due to inconsistency in the core questions asked (Bariball & While, 1994).

The following are the advantages and disadvantages of using an interview schedule.

Advantages	**Disadvantages**
Interview schedules allow the researcher to direct the interview thus ensuring that relevant information is retrieved.	It can be difficult to use when intending to interview high profile personnel. This is due to their unavailability.
It is well suited for the exploration of beliefs and opinions of the interviewee.	There is limited time to conduct the interview and it can be useless if questions and responses are not concise.
It ensures the respondent does not receive assistance when formulating a response.	

Table 6: Table showing the advantages and disadvantages of an interview schedule (Bariball & While, 1994)

When conducting interviews, the issue of ethics must be addressed from the onset (Rabionet, 2011). The researcher requested permission from Eskom to conduct the research. The email explained the purpose of the interview, and it provided assurance that the identity of the participants would be protected. The email however mentioned that the data retrieved may become public information as the report may be published in the Wits Internal Journal. It was also explained that the participants' identities would not be disclosed in the research report. Certain techniques were employed when interviews were conducted. Examples of these techniques were that interviewees were encouraged to speak freely. Another example is that emerging questions from previous responses were asked (Rabionet, 2011). Interviews were conducted either face-to-face or telephonically, depending on the preference of the participant. The email that requested permission from

Eskom is contained in the Appendix Section. Permission was received from Eskom in the form of a written letter, and it is attached at the end of this research report.

3.7 Procedure for Data Collection

The procedures that were used to gather data were either face-to-face or telephonic interviews. A notepad was used to write the response of each participant. A total of 12 questions were asked so that the one hour timeframe was adhered to. The interview schedule was sent out at least one day in advance so the participant could prepare. The expectations from the interview were explained to each participant, and there was also a watch to ensure that five minutes was allocated to each question. The participants were asked to elaborate on things that were unclear. Due to the nature of semi-structured interviews, emerging questions were noted during the course of the interview. The researcher was attentive during the interview by ensuring that sufficient rest was obtained the night before, and that no other major activities were planned on the day of the interview. The data was collected by dividing the notepad into two parts. One part was labelled “What is said”, and the other part was labelled “How it is said”. The data was then transcribed into a table in the research report, and stored on a personal computer.

3.8 Data Analysis and Interpretation

The data was analysed using thematic content analysis. Thematic content analysis involves the use of themes to analyse dominant phenomena (Fereday & Muir-Cochrane, 2006). Braun and Clarke (2006) explain that thematic content analysis is a poorly demarcated yet widely used analysis tool, and they provide a framework on how it should be applied. The following is an explanation of how the data for this research report was analysed, in accordance with the framework provided by Braun and Clarke (2006).

The first step of the data analysis process transcribed the information provided by the participants. The second step of the process categorised the data into subsections that were discussed in the literature review (key factors of organisational performance and the toxic triangle model). The third step calculated how many of the responses fell under the same category. The fourth step represented the number of similar responses to each question into percentage form. The fifth step stipulated what the responses of the participants were in the report. The sixth step interpreted the responses of the participants, and linked the responses to the literature discussed in Chapter Two. The final step summarised which aspects under organisational performance and the toxic triangle model that are applicable at Eskom.

3.9 Limitations of the Study

The following were the limitations identified:

- The participants were given an opportunity to prepare for the interview questions. The risk was that they may have rehearsed answers that were not entirely true.

- The participants interviewed were expected to provide an account of dominant follower traits and conducive environments at Eskom, and this data was to be considered as valid. The risk was that the participants' views may not be a true reflection of the actual dominant follower traits and environments found at Eskom.

- A certain portion of the participants provided very brief answers and were reluctant to elaborate further. This then required that the researcher to try and interpret the meaning behind the responses of the participants.

- Due to the nature of the research questions, the interview questions were biased towards the negative. This may therefore lead participants to provide negative responses on the traits that are found in the toxic triangle model.

3.10 Validity and Reliability

Validity and reliability are important aspects to consider in order to provide assurance that how data is collected and how data is analysed is a true reflection of how it should be interpreted. The sections that follow explain the process that was followed to ensure that the findings and interpretations of the data were robust. The sections below also explain how consistency was maintained throughout the research process.

3.10.1 External Validity

Validity refers to the extent to which an indicator that has been developed to gauge a concept actually gauges the concept. (Colorado State University, 2014). To accomplish this, the researcher got an external person to check the interview schedule to see if it addresses the sub-problems in Chapter One which were:

- To determine which key factors central to successful organisational performance are being applied at Eskom.

- To determine if unfavourable traits in Destructive Leadership exist amongst Eskom executive managers.

- To determine if unfavourable traits in susceptible followers exist amongst Eskom employees.

- To determine if environments conducive to destructive outcomes exist within Eskom.

3.10.2 Internal Validity

To ensure internal validity, a consistency matrix was developed to see if each sub-problem had a research question which addresses it, and if the interview questions actually address each research question.

3.10.3 Reliability

Reliability refers to the consistency of observations of data (Stiles, 1993). To achieve this, the interview schedule was identical for each participant.

3.11 Summary of Chapter Three

This chapter described the methodology and the process that was followed for this research report. The research methodology that was used was qualitative. The research design that was chosen was a case study, and the case site that was used was Eskom. The population that was used was executive, middle and line managers at Eskom, and the sample size used was three executive managers, two middle managers and seven line managers. The snowball sampling method was the sampling strategy that was applied by using Eskom's Governance and Reporting Department, and permission was obtained to proceed with the study in writing. The research instrument that was used was a semi-structured interview schedule, as the responses to the questions varied. The data was analysed using thematic content analysis. External validity was verified by getting a third person to review the interview schedule, internal validity was accomplished by developing a consistency matrix, and reliability was achieved by having the same interview schedule distributed to all participants.

4. PRESENTATION AND INTERPRETION OF RESULTS

4.1 Introduction

The purpose of Chapter Four is to present and interpret the results that were obtained from interviews that were conducted on the participants. The findings are based on 12 respondents who were interviewed using qualitative research methods. The 12 participants were all Eskom employees that occupied either an executive management, middle management or line management position in the company. A semi-structured approach was applied during the interview process. Furthermore, the responses were analysed using thematic content analysis. The results are presented in a manner that answers the main research questions which are:

- Which key factors central to successful organisational performance are being applied at Eskom?
- Are there destructive leadership traits that are dominant amongst executive managers at Eskom?
- What are the dominant susceptible follower traits amongst employees at Eskom?
- Which environments conducive to destructive outcomes are dominant at Eskom?

4.2 Demographics of the Participants

A total of 12 participants from Eskom were interviewed, each occupying either an executive management, middle management or line management position in the firm. The interviewees that participated in the interviews were either from the Finance Division, the Group Customer Services Division, the Generation Division or the Distribution Division. A total of four black males, three white males, one coloured female and three black females were interviewed. Due to confidentiality purposes, detailed demographic information has not been included in this report, as it places the participants at risk of being traced and identified.

4.3 Key Factors for Organisational Performance

One of the purposes of this research document is to determine which key factors central to organisational performance are being applied at Eskom. As discussed in the literature review, the key factors concerning organisational performance are:

- Satisfactory financial management (Chenhall & Langfield-Smith, 1998)
- Satisfactory project management (Peters, 1984)
- Operational and technical governance (Hawkey, Webb, & Winskel, 2013)
- Effective leadership (Bass, 1999)

The interview question which was asked to address these key factors was:

a. *Would you stipulate the reasons that contributed to underperformance at Eskom during the 2013/2014 financial year?*

Each key factor will now be presented and interpreted according to the responses from the participants. For confidentiality purposes, participants will be identified by using numbers in the tables, as well as by using letters in the discussion of the results.

4.3.1 Satisfactory Financial Management

The following is a table that shows the number of participants that identified unsatisfactory financial management as a cause for underperformance when responding to the interview question in the table below.

Would you stipulate the reasons that contributed to underperformance at Eskom during the 2013/2014 financial year?	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*Total No. of "X"*
Unsatisfactory Financial Management	X	X	X	X			X	X	X				7 (58.3%)

Table 7: Table showing the number of participants that indicated challenges with financial management at Eskom

From the table above it can be seen that 58.3 percent of the participants seem to believe that unsatisfactory financial management is one of the primary reasons for underperformance at Eskom. The financial concerns that were provided included:

- Cost prices that were above the inflation rate used in the organisation.

- Tariffs that were not cost reflective. This means that the price of electricity was insufficient to generate a profit that would enable Eskom to not have to borrow additional capital in order to sustain its' operations.

- Eskom borrowing R343 Billion to finance the Capacity Expansion Programme (Medupi, Kusile and Ingula Power Stations) (Eskom, 2008) when the organisation was not adequately prepared to manage a programme of this magnitude.

- The Business Productivity Programme (BPP) not producing a significant reduction in the organisations' expenditures.

- A drop in electricity sales from two percent in the 2012/2013 financial year to 0.6 percent in the 2013/2014 financial year, as indicated by Participant X (Eskom, 2014).

From the responses of the participants, it can be deduced that management of Eskom's finances is very poor, and this should be of major concern as the company has indicated that it is experiencing a financial challenge (Eskom, 2014). The first area of concern is the implementation of The Business Productivity Programme (BPP). Participant Y mentioned that "*Eskom also did not perform with properly implementing cost measures".* BPP is not being applied effectively, and cost reductions are not being achieved by the organisation. The second issue is with the forecasting techniques that are being used at Eskom. Participant X mentioned that the actual cost of producing electricity turned out to be greater than the inflation rate the company used. Additionally, the company experienced a drop in sales which differed to what was forecasted. The statement made by Participant X was *"We made a sales forecast, and if you look at the logic in the way it was made, there was nothing wrong with it. But then in one year you saw a drop in sales of about seven Tera Watt-hours (TWh). So if you start predicting on the high level that there is a two percent growth, and then all of a sudden you have a once off drop of seven TWh, and from then on you have a two percent growth, it makes a huge difference."* This indicates the possibility that financial forecasts are not being reviewed and updated regularly. This emphasises and highlights the discussion by Chenhall and Langfield-Smith (1998) that firms which practiced prudent management accounting techniques saw improved financial performance. In addition to this, these firms regularly verified and updated the accuracy of the information used in their forecasting techniques (Chenhall & Langfield-Smith, 1998).

4.3.2 Satisfactory Project Management

The following table shows the number of participants that indicated that there were challenges with project management at Eskom.

Would you stipulate the reasons that contributed to underperformance at Eskom during the 2013/2014 financial year?	1	2	3	4	5	6	7	8	9	10	11	12	Total No. of "X"
Inadequate Project Management	X	X					X	X	X				5 (41.7%)

Table 8: Table showing the number of participants that indicated challenges with project management at Eskom

From the table above, it can be seen that 41.7 percent of the participants feel that inadequate project management is contributing to Eskom's underperformance. The first issue with project management that was indicated was the issue of managing risk and having contingencies in place. Participant X gave an example of inadequate project management at Medupi Power Station in the Limpopo Province. He mentioned that "delays due to industrial action and occupational accidents at major project sites such as Medupi and Ingula also impacted costs by means of compensation". It seems Eskom did not have contingencies in place to deal with the industrial action that took at Medupi. Participant X also mentioned that the occupational accident that took place at the Ingula construction site in Kwa-Zulu Natal was most likely due to poor safety risk management. The second issue with project management is poor verification of project work which has been executed. Participant Y mentioned that "We outsource external skills for projects (contractors), and we are in the dark. We continue to invoice without properly monitoring what has been done thus far. In some cases internal skills will be employed later on as the project is progressing. By that time the funds are almost depleted, further delaying the progress". The last issue when it comes to project management at Eskom is that there is a lack of commitment from Eskom employees that are stakeholders in a project. Participant Y mentions that "some Eskom employees that are stakeholders in the project are not as committed as they should be". What is found is that not all Eskom employees that are involved in a project have a genuine interest in it, or they may have ulterior motives. This results in wasteful expenditure which could have been avoided if Eskom employees had done their due diligence and performed their duties when it was expected of them to do so.

From the information provided by the participants, it seems that project management is impacting negatively on the performance of the organisation. Eskom does not take seriously the issue of risk management and the need to put contingencies in place, especially on large scale projects. Examples of this is the inability of Eskom to deal with industrial strikes at Medupi, a critical project that the company is currently executing, as well as not having ensured that safety aspects at the Ingula construction cite were properly implemented and adhered to (Eskom, 2014). The issue of risk management seems to talk to the point made by Peters (1984) about performing an extensive risk analysis, as well the statement made by Tether and Gil (2011) that risk management is particularly important in large scale projects. Also important is the need for organisations to evaluate whether risk management practices do work at project sites (Kutsch & Hall, 2005). It is also evident that Eskom relies very heavily on outsourcing, but does not effectively implement measures that ensure that the work done by the contractors is to their satisfaction. The last major issue is that there is a concerning lack of commitment from Eskom employees that are involved in a project. This seems to be due to the silo mentality that is found across the organisation, and the lack of cohesion between departments in the organisation. It has also been found in a study by Elonen and Artto (2001) that a common flaw in project management is addressing the issue of commitment amongst stakeholders. All of these factors result in wasteful expenditure which affect the finances that Eskom is currently struggling with.

4.3.3 Operational and Technical Governance

The table below indicates respondents that believe poor operational and technical governance is a contributing factor to poor performance at Eskom.

Would you stipulate the reasons that contributed to underperformance at Eskom during the 2013/2014 financial year?	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*Total No. of "X"*
Poor Operational and Technical Governance		X	X		X	X	X	X	X	X			8 (66.7%)

Table 9: Table showing the number of participants that indicated challenges with operational and technical governance at Eskom

From the table above it is can be seen that another contributing factor to underperformance was poor operational and technical governance, as it was indicated by 66.7 percent of the participants. One of the reasons that was strongly emphasised by Participant X was the fact that Eskom "attempted to keep the lights on at all costs and this compromised on the existing generating assets." The same point was raise by Participant Y.

From the information provided by the participants, there is very poor technical governance at Eskom, and this is confirmed by the latest media presentation that was made by the current CEO. In the past seven years, Eskom worked by all means to keep the lights on (Matona, 2015). This impacted negatively on routine maintenance required at power stations, as it was prolonged for extended periods of time. This would be the primary reason for unexpected plant shutdowns that recently took place at generating plants (Matona, 2015). This emphasises the issue raised by Hawkey, Webb and Winskel (2013), that it is in the best interest of public sector companies to prioritise the governance of technical aspects of the business because it ultimately affects how well the company meets the expectations of customers, as well as maintaining the physical integrity of its' assets. In addition to this, Bolton and Foxon (2013) demonstrate how technical governance, specifically in public sector organisations actually improves not only the organisational, but governmental performance too. It is therefore important for EXCO as well as the board of directors at Eskom to take a firm stance when it comes to ensuring that government and customers do not interfere with mandatory maintenance. This is because government has a limited understanding of the technical aspects of producing electricity, and should therefore not be allowed to direct how Eskom performs its' operations.

4.3.4 Effective Leadership

The table below shows the number of participants that indicated poor leadership as a contributing factor to organisational performance.

Would you stipulate the reasons that contributed to underperformance at Eskom during the 2013/2014 financial year?	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*Total No. of "X"*
Poor Leadership	*X*	*X*	*X*	*X*	*X*	*X*	*X*			*X*	*X*	*X*	*10* *(83.3%)*

Table 10: Table showing the number of participants that indicated challenges with leadership at Eskom

From the table above it is clear that poor leadership is what participants believe is the main contributing factor to underperformance in the organisation, having been mentioned by 83.3 percent of the participants. The first concern is that there is a definite lack of confidence concerning leadership in the organisation. Three participants felt that decision making amongst executive managers is very poor, and critical decisions are made too late. Tied to this point of decision making is the point raised by Participant X who mentioned that "*Eskom tries to be everything to everybody",* and leadership lacks the ability to prioritise critical focus areas. This seems to tie in with the point made by Fenton-O'Creevy et al. (2010) of how crucial it is that leaders in organisations develop their ability to prioritise what is important for the business. Another issue concerning leadership is there is "poor selection of managers" as mentioned by Participant Y. In addition to this, there seems to be minute attention paid to whether the individual is actually fit to be in a position of leadership.

Another point that came up with poor leadership was the fact that there is a major silo mentality EXCO is not addressing, and it seems to have worsened with the restructuring (also called the Back to Basics Programme) that took place under the leadership of the previous CEO in the organisation (Eskom, 2012). Participant Y stated that "The restructuring that took place in Eskom introduced more divisions which meant that the silo mentality in organisation worsened."

Eskom clearly has a fundamental problem when it comes to executive managers and how well they lead the organisation. There is a definite lack of confidence from the rest of the employees in the organisation if executive leadership does have the ability to actually be at the forefront of the organisation. In addition to this, it is also clear that participants felt that Eskom executive managers are very poor decision makers, and basically seem to just take instruction from government instead of evaluating the information they have, and then deciding on the way forward. When the right decision is made it is usually too late. This speaks to the point made by Fenton-O'Creevy et al. (2010) on the need for leaders in an organisation to make it a priority to learn to be effective decision makers. In addition to this, it is crucial that all Eskom executive managers across the board start making a habit of evaluating the matters at hand, and prioritising what the business should focus on. They should not just worry about pleasing the shareholder as it is currently not working for the business.

Still under poor leadership is the issue of the silo mentality that seems to persist throughout the organisation. The main problem is that EXCO as well as other executive managers are not driving the issue of cohesion and alignment hard enough in the organisation. It seems that each division and department is doing their own thing and there are no checks being done to ensure that each line group, department and divisions' key performance areas are in alignment with Eskom's shareholders compact. This is becoming very problematic and it has created a culture where each person is only concerned about "doing their bit" and not concerned about how it ties up with the big picture. This therefore highlights the need for EXCO to prioritise aligning the culture within the organisation with the key performance areas of the organisation (Rameezdeen & Gunaratna, 2014). It should also be remembered that Rameezdeen and Gunaratna (2014) mentioned that organisations that focus on company culture, leadership, communication and consultation generally tend to see improved organisational results as well as excellent employee retention statistics.

To further elaborate on issues concerning leadership, the subsequent question which was asked to the participants was the following:

b. What role do you think executive leadership played in this underperformance?

The responses of the participants were categorised into the following subsections which are in accordance with the subsections discussed in the literature review:

- Exceptional decision making
- Creating cohesion and alignment in organisations
- Leaders with influence and the ability to negotiate
- Leaders that have solid strategic direction

A more detailed discussion of each subsection will now follow

4.3.4.1 Exceptional Decision Making

The table below indicates the number of participants that agreed that decision making amongst executives at Eskom is very poor

What role do you think executive leadership played in this underperformance ?	1	2	3	4	5	6	7	8	9	10	11	12	*Total No. of "X"*
Poor Decision Making	X	X	X	X	X		X			X			7 (58.3%)

Table 11: Table showing the number of participants that indicated that there is poor decision making amongst executives at Eskom

From the table above it can be seen that poor decision making is a major flaw amongst executive managers as it was mentioned in 58.3 percent of the responses. The reasons behind poor decision making that were given by the participants was the fact executive managers make important decisions too late. Participant X mentioned that "Certain decisions at executive level were made too late such as building new power stations." An example that was used was the decision to embark on the Capacity Expansion Programme (Medupi, Kusile, and Ingula Power Stations) which was only approved by the South African Government in 2004 (Department of Public Enterprises, 2007), when it should have been approved in 2000. Participant X felt that Eskom leadership was very passive in driving a sense of urgency when it came to this programme. In addition to this, Participant Y mentioned the fact that Eskom seems to not be taking a firm stance when it comes to the accumulative municipal arrears. The reason he provides for this is that *"when Eskom leaders tackle and challenge the minister, it is seen as rocking the boat"*. The participants seem to perceive executive management as very passive, and that they need to be more proactive in decision making in the organisation. Another point that was emphasised by the participants is the fact that Eskom executive managers' decisions are highly influenced by government, and only focus on pleasing the government. Participant Z mentions that "most of their decisions are politically influenced, and the people taking those decisions are not technically savvy. Due to lack of consultation with experienced professionals, the decisions are executed, a catastrophe occurs and it is only then that executives learn that they were supposed to first consult within the organisation."

From the responses of the participants it is clear that executive managers at Eskom have a serious challenge when it comes to decision making, and it has exacerbated to the point where it is affecting the performance of the business. This was indicated by 58.3 percent of the participants. It is felt that executives make critical decisions very late and that there is a lot of time wasted in them trying to satisfy the shareholder which is government. Executive managers tend to overlook the information provided by subordinates at lower levels. This means that there is a lack of relational leadership where subordinate participation is encouraged for proper decision making (Carmeli, Tishler, & Edmondson, 2012). This could reduce the potential of overlooking certain critical aspects particularly if leaders do not have technical prowess (Carmeli, Tishler, & Edmondson, 2012). The ongoing vicious cycle that Eskom seems to find itself in is to ignore inputs from employees, only to end up reverting to what government had rejected initially. The majority (58.3 percent) of the participants seem to agree that and this could have been avoided if executives took the correct decision in the beginning. This problem needs to first be addressed by EXCO as that is where it starts. The participants seem to believe that the current EXCO in the organisation does not know how to effectively deal with government, and if they do not find a way soon it will worsen the performance of the business.

4.3.4.2 Creating Cohesion and Alignment in Organisations

The table below shows the number of participants that indicated that executive managers at Eskom have challenges creating cohesion and alignment in the organisation.

What role do you think executive leadership played in this underperformance	1	2	3	4	5	6	7	8	9	10	11	12	*Total No. of "X"*
Failure to create cohesion and alignment within the organisation		X				X		X	X		X	X	6 (50%)

Table 12: Table showing the number of participants that indicated that there is poor cohesion and alignment created by executives at Eskom

From the table above it is can be seen that 50 percent of the participants felt that lack of cohesion and alignment is a skill that executive managers can improve on. An example is the huge silo mentality that is in the business which was worsened by the restructuring that took place in the organisation, as mentioned by Participant X. Participant X states that "Previously HR, Finance and Group Customer services fell under the main Generation, Transmission and Distribution Groups. Now they have been separated and this has changed the dynamics in the organisation to the point where these new divisions are not supporting the core businesses in the manner that they should." The separation of these support groups from the core divisions has resulted in them having their own key performance areas (KPAs) which are not aligned with the core activities of the business. These support departments now prioritise their own key performance areas instead of actually supporting the Generation, Transmission or Distribution divisions. It is also felt that leadership in the organisation does not steer the company in a single direction. Participant Y mentioned that "There is also very poor consolidation within the organisation. The Eskom Executive Committee struggles to get the organisation to concentrate on a single unified goal. The company tries to be everything to everyone. As a result, there are too many things to chase."

From the responses of the participants, there seems to be evidence that executive managers are not driving alignment with the shareholders compact effectively. It has been found that most departments are working independently and in isolation in the organisation. This resonates with the premise made by Rameezdeen and Gunaratna (2014) which stipulates that businesses that actively align the culture of the organisation with the business objectives do see improved organisational results. Half of the participants seem to be in agreement that EXCO must take action in order to address this problem. The same participants felt that the restructuring in accordance with the Back to Basics Programme in the business worsened the disunions within the organisation (Eskom, 2012). There is also an issue with communication in the business that requires attention, as it is evident that not all personnel are clear on what the business objectives are. The participants also seem to share a genuine concern that executive managers in the organisation do not steer the company in a single direction, and that there is lack of consolidation in the business. To this end it is felt that the article by Naidoo and Ukpere (2012), that stresses the importance of aligning employees with the vision and brand that leaders want to create in the organisation is very applicable in the Eskom context. By creating consistency between the company goals and the employees conduct, organisations will have a higher probability of success (Naidoo & Ukpere, 2012).

4.3.4.3 Leaders with Influence and the Ability to Negotiate

The table below shows the number of participants that indicated that executives at Eskom have a challenge with negotiating and influencing stakeholders, particularly government.

What role do you think executive management played in this underperformance?	1	2	3	4	5	6	7	8	9	10	11	12	*Total No. of "X"*
Lack of influence and negotiation skills			*X*	*X*					*X*	*X*			*4* *(33.3%)*

Table 13: Table showing the number of participants that indicated that there is a lack of influence and negotiation skills amongst executives at Eskom

From the table above it is seen that only 33 percent of the participants felt that executive management lacks the ability to influence the business effectively. Participants X mentions that most of the decisions made in the organisation "are politically influenced." The impression left by 33 percent of the participants is that Eskom executive managers make decisions that are influenced by government. The argument is that if executive managers were more strategic in how they approached meetings with government, they would find that some of the decisions taken may actually have favoured the business. This would also apply to the issues raised by Participant W and Participant Z on the politics associated with municipal debt and the fact that executive managers would rather please politicians than focus on burning issues.

The issue of influence and negotiation is not as prevalent as other issues discussed such as decision making, cohesion, and alignment. However it should still be noted by Eskom as certain participants still feel that it is a critical skill, especially when dealing with government. Participants X and Y talk about how Eskom executive managers make decisions that are highly influenced by government. It seems that the power to decide is actually held by government instead of executives in the company. This seems to emphasise the importance of establishing the difference between status and power at Eskom (Blader & Chen, 2012), as this is the starting point for effective negotiations to take place. It also seems as if Eskom executives do not take sufficient time to analyse the interests that government may have. This results in executives approaching meetings with government without having developed a strategy on how to influence and convince them to buy into a particular objective. This ties up with the fundamental flaw that most negotiations have, and that is the trap of ignoring the interests of stakeholders, and only focussing on technical aspects of a meeting (Craver, 2010). This result of this is a negative impact on the performance of the business. The ability to influence and negotiate is exceptionally important for leadership at Eskom, as they may have employed a different strategy to keeping the lights on at all costs (Matona, 2015), and decisions may have been made to ensure that both plant maintenance as well as demand management were managed more effectively (Matona, 2015). This would also apply to the issues raised by Participant W and Participant Z on the politics associated with municipal debt, and the impression given that executive managers would rather please politicians than focus on critical business issues.

4.3.4.4 Leaders that have Solid Strategic Direction

The table below shows the number of participants that indicated that executives at Eskom have challenges with providing strategic direction in the organisation.

What role do you think executive management played in this underperformance?	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	***Total No. of "X"***
Poor Strategic Direction		X			X	X	X	X	X	X			7 (58.3%)

Table 14: Table showing the number of participants that indicated there is a lack of solid strategic direction provided by executives at Eskom

From the table above it can be seen that 58.3 percent of the participants feel that there is poor strategic direction in the business. Participant W mentions that Eskom "*tries to be everything to everyone".* Participant X feels that Eskom executive managers do not take profitable direction. He states that "Direction must be profitable, and direction was not well calculated." In addition to this the participant did not feel that executive managers are strategic and future oriented, but rather focus far too much on operational issues. Participant Y mentions the fact the executive managers are meant to provide support but this is seldom the case in the organisation. Participant Z mentions that goal setting in the business is done very poorly and the wrong things are prioritised.

The responses indicate that there is a lack of strategic direction provided by executive management in Eskom, as this was indicated by 58.3 percent of the participants. The aim of executive managers is to "*try to be everything to everyone",* and this seems to working against organisational performance. There is also the problem that at times the direction taken is not profitable for the business. An example would be electrification that is mentioned by Participants A and B, which is not fully funded by Department of Energy even though this is the ministry ultimately responsible for its implementation. What is found is that Eskom incurs the balance of the cost of these projects, which impacts on the organisations' finances. Additionally, executive managers are highly operational in their thinking and not strategic. This links up to what was discussed by Porter (1996) that operational effectiveness can only guarantee limited and short-lived success, and that firms should emphasise the idea of strategic positioning and identifying where the company would like to see itself in the future. There also appears to be a lack of support from executive managers, and employees seem to feel that they carry most of the burden themselves.

4.4 Destructive Leaders

The sub-sections that were covered under destructive leadership traits were:

- Extreme narcissism
- Personalised charisma
- Hostile upbringing
- Unethical leadership

Each trait and the responses of the participants to each trait will be discussed in greater detail.

4.4.1 Extreme Narcissism

The question that was posed to the participants concerning extreme narcissism was:

a. Do you think that self-absorption may have contributed to underperformance?

The following table indicates the responses from the participants regarding how they felt extreme narcissism contributed to organisational performance.

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Do you think that self-absorption may have contributed to underperformance?	No	No	Yes, there are some elements of narcissism especially when looking at executive remuneration	No	No	No	No	No	Yes, there are some elements of narcissism especially when looking at executive remuneration	Yes	Yes	Yes	Yes 41.7% No 58.3%

Table 15: Table showing the number of participants that indicated that extreme narcissism amongst executive managers contributed to organisational performance

The table above indicates that extreme narcissism is not a trait that is observed amongst executive managers. This was indicated by 58.3 percent of the participants, but 41.7 percent of the participants indicate that elements of narcissism can be seen. Participant V mentioned that "When financial constraints in the company were initially brought to attention, most executives still received bonuses and high remuneration packages." A similar remark was made by participant W. Participants X, Y and Z on the other hand seem to agree that executive leaders are pompous in their behaviour. Participant X mentioned that the mentality that most executives display is one of "I am important and no one else". Similar opinions are revealed by Participants Y and Z. In their view, executives at Eskom can come across as arrogant, and seem to use their positions as a platform to display their overconfident tendencies.

Most executive managers at Eskom would be regarded as relatively humble individuals who seldom display tendencies of narcissism. This is because 58.3 percent of the participants mentioned that most executive managers do not come across as arrogant. Additionally Participant W mentions that "*Narcissism would not get you very far in this organisation".* The reason that was provided to support this is that there are far too many experienced professionals who have enough technical expertise to show proud individuals that they do not know as much as they think they do. These participants also mentioned that Eskom has an awards and recognition programme which is effected on an annual basis to congratulate employees in areas where the company does achieve, as well as to give thanks to outstanding teams. There are however executives that are very pompous in their behaviour. Participants X, Y, and Z seemed to be the only participants that emphasised the excessive levels of arrogance that could be found amongst executive managers in their regional areas, namely in the Kwa-Zulu Natal and North West Regions. It is therefore seems that narcissism is found in certain areas of the organisation. This ties in with what is stated by Lopez de Victoria (2008), that a common trait amongst destructive leaders lies in the fact that they have an excessive preoccupation with themselves, and will often take decisions that primarily benefit themselves as opposed to looking at the best interest of the organisation.

Another observation about Eskom executive managers that was mentioned by Participant X was that their excessive remuneration could be attributed to the fact that executive managers appear to have difficulty in prioritising what should be regarded as important. This again closely ties in with what is said by Jiyoung and Gabsook (2013), which is that another distinct trait amongst narcissistic leaders is their lack of awareness and lack of understanding of the context under which they operate, which would result in substandard decision-making. Furthermore, it seems the idea of narcissism is filtering down the organisation, and is a significant source of the silo mentality that exists across divisions, where departments are more focussed on "keeping their name clean" as opposed to taking a more global and future oriented approach, where one evaluates whether decisions do benefit the organisation. The result of this behaviour is that a sense of urgency is compromised in that everyone will first check how a certain action impacts them, and if it is negative, they may not follow through with the actions required. Employees have somewhat become conformers as described by Padilla, Hogan and Kaiser (2007). They merely do things because of what they see from leadership and will do their utmost to not deviate from that (Padilla, Hogan, & Kaiser, 2007).

4.4.2 Personalised Charisma

The question which was posed to the participants concerning personalised charisma amongst executive managers was:

b. Do you think inappropriate charm may have contributed to underperformance?

The answers from the participants were as indicated in the table below.

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Do you think inappropriate charm may have contributed to underperformance?	Yes	Yes	No	Yes	No	No	No	No	No	Yes	No	No	Yes 33.3% No 66.7%

Table 16: Table showing the number of participants that indicted that personalised charisma amongst executive managers contributed to organisational performance

The responses from 66.7 percent of the participants indicate that they believe that there is very little inappropriate charm evident amongst executive management. However, 33.3 percent of the participants disagree and feel that that there is a level of inappropriate charm that is found amongst executive managers. Participant X mentions the fact that executive managers at Eskom can come across as "very optimistic when goal setting is concerned." Participant Y states that "perhaps there is a level of inappropriate charm that is used amongst employees." Participant Z explains that the reason for this is that Eskom operates in a political environment, and that EXCO and board members actually allow themselves to be manipulated by government. This is the reason why there are cases where the objectives that are set are almost impossible to reach, because leadership at Eskom allowed themselves to be manipulated by the government. Participant W mentions that manipulation can also be used on employees in order to please executives.

The responses of 66.7 percent of the participants indicate that in most instances inappropriate charm is not a trait is commonly seen amongst Eskom managers. Participant A mentioned that the approach that is used in the organisation is very "straight forward" where key performance areas have already been set by leadership and they are communicated to the employees. The employees are not given a choice to be a fence sitter, but are expected to comply with what is expected of them. The current situation at Eskom is one that is highly stressful and people are expected to perform under pressure. What this would mean is that what Sankowsky (1991) alluded to does not apply in most instances at Eskom, where a leader will use charisma to influence followers into buying into a grandiose and self-centred vision. In most cases, the environment within Eskom does not allow employees to be inspired by leadership, which means that Jacobsen and Houses (2001) theory also does not apply in the majority of contexts at Eskom.

Some attention however should be paid to the 33.3 percent of the participants who indicated that there are cases where personalised charisma is employed, and this is working to the detriment of the business. Participant X uses the words *"very optimistic"* to describe the goals set by EXCO in the organisation. This implies that EXCO naively agrees to the targets that are set in the shareholders compact, and then try to persuade employees to agree to these targets. The assurances that are made by government then cause executive management to assure employees that enablers will be put in place. So the idea of personalised charisma seems to be applied by government as a tactic to get EXCO and the board of directors to sign the shareholders compact so that it is in line with key performance areas (KPAs) in their ministries. EXCO (and perhaps not all the EXCO individuals) will then try to encourage employees to work towards the targets set in the shareholders compact, by assuring them that enablers will be put in place, even if there is doubt on whether the targets can actually be met. This would mean that when the layers are peeled Eskom does in fact employ personalised charisma, particularly in terms of the KPAs that are set at executive level. This trait is then used at lower levels in the organisation. Whilst in this context the selfishness applied does not benefit the leader in terms of personal and tangible gains, executive and other levels of management are selfish in that they set goals that will give them a piece of mind that employees will work at whatever costs to try and meet performance targets (Padilla, Hogan, & Kaiser, 2007).

The concern from the participants concerning the tactic mentioned above is that the implementation of the support that government, the board and EXCO assured to apply is not being fulfilled, and it is resulting in many of the critical KPAs not being achieved. This is a very crucial point that must be noted by government (namely the Department of Public Enterprises and Department of Energy) as well as the Eskom board and EXCO team, and that is it serves little purpose to lure employees into buying into KPAs, unless enablers that are promised are actually put in place. Otherwise all that this results in is that a vicious cycle is entered into and decisions that should have been taken in the very beginning are only reverted to in the end.

The researchers view is that charisma that does exist within the organisation is being used ineffectively, and that an opportunity exists to instead channel this energy in a manner that will benefit the organisation and its performance financially, operationally and from a customer point of view.

4.4.3 Hostile upbringing

The question which was meant to address the issue of hostile upbringing was:

c. How would you describe your upbringing?

The table below indicates the responses of the participants with regards to how they perceived their upbringing

	1	2	3	4	5	6	7	8	9	10	11	12	Total
How would you describe your up-bringing?	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable 100%

<u>Table 17: Table showing the number of participants that indicted that hostile upbringing of executive managers contributed to organisational performance</u>

From the responses it is seen that all participants are from stable and healthy upbringings. They had strong support from parents and were encouraged to further their studies. They were provided with the basic necessities and most of them seem to have received relatively good mentorship during their childhood years.

The upbringing that all of the participants had is very stable where core values were instilled. Some examples that were mentioned included having respect for others, and the importance of education which assists in increasing career prospects, and in broadening the ability to think. This means hostile upbringing is not a trait found amongst executive managers at Eskom and refutes the argument made by Padilla, Hunter and Kaiser (2007).

4.4.4 Unethical Leadership

The question that was asked to address the issue of unethical leadership amongst executive managers was:

f. Do you think that unethical behaviour may have contributed to underperformance?

The responses from participants concerning unethical leadership amongst executive managers was as indicated in the table below

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Do you think that unethical behaviour may have contributed to underperformance?	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes 91.7 % No 8.3%

Table 18: Table showing the number of participants that indicated that unethical leadership amongst executive managers contributed to organisational performance

From Table 18 above, it is clear that 91.7 percent of the participants strongly feel that unethical behaviour does in fact play a role in underperformance at Eskom. Only one participant believes that unethical behaviour picked up has not contributed to organisational performance. Examples that were used to explain unethical behaviour were court cases concerning the mismanagement of business funds, and failure to disclose conflicts of interests at Eskom. Participant X mentions that "*Unethical behaviour definitely is a problem across the board in the organisation, with leaders and employees. An example would be* *the incident where transformers for projects were found at an employee's personal residence. This was equipment required for a project, and it obviously affected performance."*

In terms of unethical behaviour, the responses of 91.7 percent participants seem to indicate that unethical behaviour within the organisation does exist, in various forms, and at all levels in the organisation, including executive management level. An example that was used by Participant Y to indicate that unethical behaviour does exist within the organisation is the fact that it was publicised that Eskom EXCO and board members received excessive executive remuneration even after the company stressed that it was in a financially unhealthy position (Eskom, 2014). While Participant Z argues that this behaviour has not been found to directly impact on company performance, it seems to be refuted by Participant W who gave an example of a court case that is pending concerning funds that were approximately R400 Million which were misappropriated by executive managers for electrification projects at Kwa-Zulu Natal. Another case that was mentioned was another court case in the Western Cape where executive managers were also being charged for fraudulent activities concerning funds allocated for electrification projects.

Participant Z mentions the fact that Eskom seems to have controls in place to govern and deal with misconduct or misappropriation of funds, but they are not being applied effectively, especially at executive level. The apparent effect that this has on employees is that they begin to think that it is acceptable to behave unethically. This ties in with what was stated by Brown and Trevino (2006), that followers follow the standard set by leadership. If they perceive that ethics are at the core of any activities a leader undertakes then they too will ensure that they perform work to the standard expected from the leader (Brown & Trevino, 2006). They will focus less on self on more on accomplishing performance targets, and in a manner that leaves the reputation of the company unscathed.

4.5 Susceptible Followers

The following were the sections that were covered under susceptible follower traits, which are in accordance with the subsections that were discussed in the literature review:

- Unmet basic needs

- Negative core self-evaluations
- Low maturity
- Ambition
- Congruent beliefs

Each trait and the responses from the participants will be discussed in greater detail.

4.5.1 Unmet Basic Needs

The question that was posed to the participants concerning unmet basic needs was:

a. Do you believe that your employees have the following trait: being needy?

The following table indicates the responses from the participants regarding how they felt unmet basic needs contributed to organisational performance.

Do you believe that your employees have the following trait:	Very Few in %	Yes Majority Are in %	Varies in %
a. **Being needy?**	66.7	16.7	16.7

Table 19: Table showing the number of participants that indicated unmet basic needs amongst followers contributed to organisational performance

From the table above it can be seen that 66.7 percent of the participants feel that very few of the employees are needy. It can also be seen that 16.7 percent of the participants feel that that majority of the employees are needy, and 16.7 percent of the participants feel that this varies.

From the responses of the participants, it seems that majority of employees at Eskom are very independent individuals who are confident in executing what is expected of them. What was also observed from the responses was that employees that have worked in the organisation for a very long time tended to be very comfortable with what was expected of them in terms of work and did not require much guidance, whereas employees that were relatively new in the organisation were still finding their feet and would be more dependent on supervisors and colleagues to better understand what is required of them. What can be deduced from this is that at least 66.7 percent of the employees in the organisation have been taken through a solid training programme, and are confident in executing tasks. The concern would therefore be on the other 33.3 percent of employees who seem to not be at their optimal when it comes to work execution, as this would affect overall business performance.

4.5.2 Negative Core Self-Evaluations

The question that was posed to participants concerning negative core self-evaluations was:

b. *Do you believe that your employees have the following trait: lack of self-esteem?*

The following table indicates the responses from the participants regarding how they feel negative core self-evaluations contributed to organisational performance.

Do you believe that your employees have the following trait:	Very Few in %	Yes Majority Are in %	Varies in %
b. Lack of self-esteem?	50	25	25

Table 20: Table showing the number of participants that indicated that negative core self-evaluations amongst followers contributed to organisational performance

In terms of lacking self-esteem, 50 percent of the participants feel that very few of the employees lack self-esteem, 25 percent of the participants feel that majority of the employees lack self-esteem, and 25 percent of the participants feel that this varies amongst the employees.

The response from the participants seem to indicate that 50 percent of the employees seem to be relatively confident individuals, as was indicated by the responses of six of the twelve participants. Some of the reasons behind the high self-esteem levels are based on the fact that most of the employees in the organisation have been through rigorous training and development programmes. Another reason that was attributed by three of the participants is that high levels of self-esteem are also observed with the more mature individuals. These workers generally do not have issues with the work assigned to them, and have no issues with questioning things they are unsure of. This agrees with what was stated in the literature that followers with high self-esteem will usually have the boldness to ask questions regardless of whether other people perceive that act as uncomfortable (Bligh, Kohles, Justin, & Stovall, 2007). However there are at least 25% of employees that in general have a very low self-image and it reflects on how they conduct themselves in the office. These employees may unfortunately be victims to a leader that is self-centred, and their lack of confidence may lead them to accepting whatever is requested by the leader, even if it is wrong (Robson, 1988). At present Eskom seems to have an Employee Assistance Programme in place which seeks to assist employees that don't perform. However, it is only as effective as the intentions of the manager. This is because Eskom is such a large entity and it is difficult to observe and evaluate accurately what each manager is doing to develop his employees. It is quite possible for managers to not make use of it and instead use unconfident employees to perform tasks that suit them.

4.5.3 Low Maturity

The question that was posed to the participant concerning low maturity was:

c. Do you believe that your employees have the following trait: immaturity?

The following table indicates the responses from the participants regarding how they felt low maturity contributed to organisational performance.

Do you believe that your employees have the following trait:	Very Few in %	Yes Majority Are in %	Varies in %
c. Immaturity	16.7	41.7	41.7

Table 21: Table showing the number of participants that indicated that low maturity amongst followers contributed to organisational performance

With regards to immaturity, 16.7 percent of the participants feel that very few employees are immature, 41.7 percent of the participants feel that the majority of employees are immature, and 41.7 percent of the participants feel that immaturity varies amongst employees.

In terms of the responses from the participants, it seems that only 16.7 percent of employees are mature in terms of work experience or discipline. These employees usually do what is required of them, and do not unnecessarily oppose the direction that has been set. However 41.7 percent of the participants seem to think that employees are highly immature, both in terms of experience but more importantly with their demeanour. This statistic implies that managers are doing little address this issue, and this means that it is affecting business performance. Employees are essentially being allowed to do as they please instead of them doing what is expected of them. Such employees are troublemakers and are very confident when opposing the manager, mostly because they feel protected by unions. This kind of immaturity that exists at Eskom opposes the argument made in the literature that followers with low maturity tend to conform to the leaders' expectations (Padilla, Hogan, & Kaiser, 2007).

4.5.4 Ambition

The question that was posed to the participants concerning ambition was:

d. Do you believe that your employees have the following trait: self-serving ambitions?

The following table indicates the responses from the participants regarding how they feel ambition contributed to organisational performance

Do you believe that your employees have the following trait:	Very Few in %	Yes Majority Are in %	Varies in %
e. Have self-serving ambitions?	41.7	33.3	25

Table 22: Table showing the number of participants that indicated that self-serving ambitions amongst followers contributed to organisational performance

With regards to self-serving ambitions, 41.7 percent of the participants feel that very few of the employees have self-serving ambitions. Thereafter, 33.3 percent of the employees say that majority of the employees have self-serving ambitions, and 25 percent of the participants feel that self-serving ambitions vary amongst the employees.

From the participant's responses, 33.3 percent of employees in the organisation are very selfish and highly focussed on self. This excessive preoccupation with personal ambitions is resulting in employees not focussing on what is expected of them, which is affecting the performance of departments and the organisation. To emphasise, one third of the total number of employees in the organisation are essentially seeking activities that benefit themselves first before the organisation. This percentage is very high as it is understood that employees are appointed to deliver on outputs they are employed for. If they are engaging in activities that are contrary to business requirements, it essentially puts the business at risk of not performing to the standards that have been set.

This current situation at Eskom is in agreement with the premise made by Hollander (1995) where followers may engage in activities that damage the organisation, but benefit themselves. What seems to be more alarming is the fact that managers that were interviewed seem to be very aware of it but are doing nothing to try and rectify the matter. As a result of the acceptance of this behaviour, the organisation finds itself in a position where employees feel that their behaviour is acceptable, as mentioned by Participant X.

This is impacting the performance of employees and the ability of their managers to properly set the tone in terms of what is expected. It has also resulted in employees believing that they are doing a good job when in actual fact they are not doing well at all, as noted by Participant Y. By not addressing the matter it seems that the organisation is placing itself in harm's way.

4.5.5 Congruent Beliefs

The question that was posed to participants concerning congruent beliefs was:

e. Do you believe that your employees have the following trait: genuine beliefs with the leader?

The following table indicates the responses from the participants regarding how they feel congruent beliefs contributed to organisational performance.

Do you believe that your employees have the following trait:	**Very Few in %**	**Yes Majority Are in %**	**Varies in %**
e. Have genuine beliefs with the leader?	50	33.3	16.7

Table 23: Table showing the number of participants that indicated that congruent beliefs amongst followers contributed to organisational performance

In terms of genuine beliefs with the leader, 50 percent of the participants feel that very few of the employees have genuine beliefs with the leader, 33.3 percent of the participants feel that majority of the employees have genuine beliefs with the leader, and 16.7 percent of the employees state that the number of employees that have genuine beliefs with the leader varies.

From the responses of the participants, it seems that only 33.3 percent of the employees are in agreement with the direction set by the leader. This is a very low percentage as further analysis indicates that 50 percent of the employees do not believe in the vison set by management in the organisation. The 33.3 percent of employees that believe in the direction set by management are very mature and experienced employees that are generally more interested in getting work done, or they can be very young, educated and energetic employees that enjoy challenges and like to try new things. However, most of the employees (50 percent) would generally not agree with the vision and direction set by their managers, executive managers or EXCO. This may possibly be because of the reason provided by Participant X which is that employees will usually not even take the time to try and see if the direction indicated by the management will work.

Participant Y also states that sometimes the fault lies with executive managers because they do not communicate effectively. This highlights an issue with communication and effectively articulating how the vision will be achieved. From the responses of the participants, it seems the problem is not of employees conforming to destructive leaders' demands, but rather employees that obstruct a constructive vision due to poor communication and employee engagement. This therefore refutes the argument made in the literature which stipulates that certain organisations will share the beliefs shared by the destructive leader (Mikulincer, Shaver, Izsak, & Popper, 2007). Instead what can be said in Eskom's case is that employees can discourage a positive vision because they are reluctant to change the way they have been doing things, or because executive managers are unclear in terms of what they want.

4.6 Conducive Environments

The following were the sub-sections that were covered under conducive environments:

- High turnover rate of executive managers
- Frequently changing strategies
- Misalignment of strategic objectives

Each subsection and the participants' responses to each factor it will be discussed in greater detail.

4.6.1 High Turnover Rate of Executive Managers

The question that was posed to the participant concerning high turnover rate was:

a. What role do you think the high turnover rate of executive leadership plays in organisational performance?

The following table indicates the responses from the participants regarding how they felt high turnover rate amongst executives contributed to organisational performance.

	1	2	3	4	5	6	7	8	9	10	11	12	Total
What role do you think the high turnover rate of executive leadership plays in organisational performance (OP)?	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	No effect	Neg	Neg	Neg	Neg 91.7 % No effect 8.3

Table 24: Table showing the number of participants that indicated that high turnover rate contributed to organisational performance

The responses from the participants indicate that 91.7% (11 out of 12) of the participants feel that the high executive turnover at Eskom is impacting organisational performance negatively. The reasons provided for the negative impact include lack of continuity and disturbance in productivity from one CEO to another, frequently changing strategies as a result of frequently changing executives, especially CEOs. Other reasons include the fact that the CEO will often want to first understand the business, which means that time is wasted as well as the fact that a critical skill has been lost. Additionally, it is felt that the interim (acting) CEOs do not play an active role as they do not want to ruffle feathers. The fact that Eskom operates in a political arena has also been attributed as a reason for instability, as well as the fact that there are many self-serving individuals who apply for positions simply to further themselves, as well as based on personal relations with some of the colleagues. Participant X indicates that many of the executive leaders in the organisation and on the board are quite young and are highly immature. Only one participant, Participant Y feels executive turnover is not playing a role in organisational performance. In fact, the participant felt that there are too many executives in the organisation which are not doing what is expected of them.

It is clear from the response of the participants that the high executive turnover creates a lot of instability in the organisation, and is affecting business performance negatively. This was indicated by 91.7 percent of the participants. The first is that there is seldom succession planning in place, so a gap is left when an executive leaves, which impacts on continuity of strategic direction and on productivity. The second reason is that when a new CEO comes in, he would first want to understand the business and the challenges and that wastes time. It is the researcher's belief that CEOs do take the opportunity to motivate employees, especially if they have been appointed to address instability in the business. This seems to imply that Eskom does not follow the premise made by Bass (1997) that organisations that are in a crisis require the presence of a strong leader.

Another reason for negative performance is that interim CEOs that are appointed do not provide much strategic direction. They will usually not want to ruffle feathers so their presence and direction is not felt during their tenure. Other reasons include the fact that a new CEO will often want to create allies that will support him, and in doing so he may change the strategies which can impact on the business. Finally, the political context which Eskom operates in means that if a CEO does not comply with the way government wants things done, then it will cause tension and ultimately force him to resign.

The question that was posed to the participant concerning high turnover rate was:

a. What role do you think frequently changing strategies plays in organisational performance?

The following table indicates the responses from the participants regarding how they felt frequently changing strategies contributed to organisational performance.

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Question 11: What role do you think frequently changing strategies play in organisational performance (OP)?	None	Neg	Neg	Neg	None	Neg	Neg	Neg	None	Neg	Neg	Neg	Neg 75% None 25%

Table 25: Table showing the number of participants that indicated that frequently changing strategies contributed to organisational performance

From the responses of the participants, it seems that only 25 percent of the participants feel that Eskom's strategy has in fact not changed significantly. The remaining 75 percent of the participants feel strongly that that the strategy at Eskom does change frequently, and that it is impacting organisational performance negatively. Some of the reasons given to why frequently changing strategies affect organisational performance negatively is because:

- Insufficient time is allocated for change.

- The core business of the organisation changes and there are inadequate skills, e.g. when Eskom undertook the Capacity Expansion Programme and it lacked project management skills.

- Changing strategies completely alter the way of doing business.

The reason frequently changing strategies affects business performance negatively is because with every new executive, especially a CEO, there is usually a new strategy or a major component of the strategy is altered. This means that the previous strategy is never fully implemented. Another issue is insufficient time is given to adjust to the change. Furthermore, it seems that personnel are not adequately trained to deal with this change. Finally, changes at Eskom are done without taking the cost implications into account, which affects the financial performance of the business, as indicated by Participant X. Ultimately the result is that irrespective of the good intentions, the strategy ends up not improving performance within the organisation. This seems to tie into what was stated by Sharfman and Dean (1991), that instability requires the presence of a strong leader. However due to lack of confidence the participants seem to have concerning executive managers in the organisation, the strategies usually fail.

4.6.2 Misalignment of Strategic Objectives

The question that was posed to the participants regarding misalignment of strategic objectives was:

c. Do you believe there is misalignment of strategic objectives e.g. where the government has a priority which was not in line with the current needs of the organisation.

The following table indicates the responses from the participants regarding how they felt misalignment of strategic objectives contributed to organisational performance.

	1	2	3	4	5	6	7	8	9	10	11	12	Total
Do you believe there is misalignment of strategic objectives e.g. where the government has a priority which was not in line with the current needs of the organisation?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes 100%

Table 26: Table showing the percentage of participants that indicated misalignment of strategic objectives contributed to organisational performance

The table above clearly indicates that 100 percent of the participants do see a misalignment of strategic objectives. The reasons provided were

- Certain key performance areas such as racial equity that are enforced by government but not being provided the financial means to be fulfilled.

- The issue of the accumulating municipal arrears and Eskom essentially being unable to cut off supply to these customers. The reason that Eskom cannot cut off supply in municipal areas is because they are also government entities. Should Eskom cut off the supply it would be perceived as “rocking the boat”.

- The multiple government departments where Eskom needs to report. Examples are the Department of Energy and the Department of Public Enterprises.

- The fact that Eskom executive managers would prefer to prioritise technical governance issues such investment in strengthening exiting networks, whereas government would want Eskom to drive social objectives such as electrification.

- Internal misalignment of strategies. An example would be a middle managers’ key performance areas (KPAs) not corresponding with a general managers KPAs, yet it is one department.

There is seems to be a common flaw of misalignment of strategies and it seems to be between the government’s objectives and what the actual business focus areas should be. It seems government does not provide the total capital required for some of the key performance areas such as racial equity, as well as other objectives such as electrification. From Participant X’s view, capital was required to budget for the remuneration of the additional personnel that were appointed in order for the racial equity targets to be met. What apparently occurs is that Eskom will end up implementing these objectives at their own expense. What this issue highlights a more fundamental problem which is Eskom is well aware of the fact that certain objectives recur on an annual basis, such as electrification, but seem to be doing little in terms of engaging the Minister of the non-feasibility of some of the performance targets imposed on them, or better yet actually budgeting for them. This indicates the fact that leadership at Eskom is not managing political influence effectively. This could be due to their lack of ability to negotiate and influence. This talks to the point made by Craver (2010) that meetings where negotiations need to take place are not successful because the stakeholders only concentrate on the technical aspects, instead of entering a meeting having already prepared themselves on what the interests of other stakeholders may be, and how to handle a meeting in such a way that a deal is struck that sees benefit to most of the stakeholders in a meeting.

4.7 Summary of Chapter Four

This chapter has covered all topics that were covered under key factors central to successful organisational performance, as well as common traits under destructive leaders, susceptible followers and conducive environments. From the analysis of the responses of the participants concerning the topics mentioned above, the following are the key points that should be noted from the analysis of the results.

Financial management in the organisation is very concerning. The main challenges that have been picked up is the ineffectiveness of the Business Productivity Programme (BPP), as it has been claimed by some participants that the benefits of this programme are not being realised in the organisation. The second issue is with the assumptions that are being used in Eskom's sales forecasting methods. They seem to not be accurate enough, and it seems that they are not being updated with the most relevant data. Eskom seems to not be applying a conservative approach when it comes to inflation rates used in sales, and the rates used for cost of producing electricity are too low and not reflecting what the actual cost is. Until forecasts are improved, Eskom is not in a position to claim that the tariff increase that was approved by The National Energy Regulator of South Africa (NERSA) of eight percent is too low (Eskom, 2014). There are also major issues with project management in the organisation. The first challenge has to do with managing risk and putting contingencies in place. An example would be the industrial action at Medupi that halted production at the construction site. The second would be poor safety risk management that surfaced when the occupational accident at Ingula Power Station. The second issue with project management at Eskom is the loose verification of outsourced project work. Eskom's seems to not be vigilant enough when it comes to ensuring that outsourced work has been implemented to Eskom's satisfaction, yet contractors are being remunerated in any event. This practise must be addressed in order to avoid wasteful expenditure as well as to hold contractors accountable. The final issue with project management at Eskom is the lack of commitment from Eskom employees that are stakeholders in a project. This seems to be due to the fact that Eskom in general has a silo mentality that is affecting how departments work together. This is also problematic as a fundamental part of project management is integration management, and ensuring all stakeholders in a project are aware of what is expected of them in order for the project to be a success.

Operational and technical governance is also not being managed effectively in the organisation. While it is noted that Eskom is currently addressing the maintenance backlog at power stations (Matona, 2015), what is concerning is the passive role that executive management is taking when highlighting the importance of technical aspects of the organisation, especially in their dealings with government. If this behaviour continues amongst executives at Eskom, it is clear that Eskom may again find themselves running power stations by any means necessary, and may find themselves in the same predicament they are in currently.

There is a general lack of confidence in the ability of executive managers to lead the organisation. The view is that executive managers at Eskom make critical decisions too late, or they waste time taking a decision that is influenced by government, only to revert back to the right decision much later on. Additionally, the inputs of subordinates are often overlooked when making a decision, and this is of major concern if executive managers do not have technical prowess. The selection of managers in the organisation is also very poor, and the checks that are being performed to ensure that employees are actually right for the position are not adequate. This may be the reason why there are immature employees that are found occupying management positions in the organisation. Executive management is not addressing the issue of silos in the organisation, and this is resulting in departments' key performance areas (KPAs) not being aligned to the shareholders compact. Furthermore it is also felt that executive management is not communication business objectives clearly enough in the organisation as participants expressed their frustration in terms of the direction the organisation is taking.

Elaborating further on strategic direction, it is felt that felt that executive management seem to struggle to prioritise what areas the organisation should focus on. It is also felt that Eskom does not take directions that are profitable. Additionally, executive managers are not providing enough support when it is required. They seem to be more concerned about pleasing government as opposed to tackling the actual business issues.

Whilst there are issues noted concerning narcissism and personalised charisma in the organisation, they are not as prevalent as unethical leadership in the organisation, and it seems to be affecting performance in the organisation. Examples were provided about how electrification funds were misappropriated for personal use by executive managers. This behaviour seems to be affecting business finances and business objectives.

When it comes to followers in the organisation, it seems that most employees are confident and are comfortable enough to handle whatever tasks are given to them. This is mainly because most employees in the organisation have been taken through an extensive training programme. However it should be noted that 41.7 percent of employees at Eskom are immature and 33 percent of employees have self-serving ambitions. Furthermore, 50 percent of employees do not believe in the vision set by executive management. Self-serving ambitions may explain why there are excessive levels of corruption are also found within the organisation. Furthermore, the fact that 50 percent of employees do not believe in the vision set by leadership may explain why there is a lack of alignment to strategic objectives at lower levels in the organisation. These problems must be tackled as they are affecting business performance.

In terms of conducive environments, it is clear that there are challenges with the turnover of executives in the organisation, especially when it comes to CEO turnover. The main issue is that it affects continuity and productivity. This indicates that there may be a challenge when it comes to succession planning in the organisation. Another issue with CEO turnover is the interim CEOs that are appointed. They seem to not make their presence felt in the organisation. There is also a challenge with frequently changing strategies in the organisation. This is because with every new CEO, the focus of the business changes, and it results in the previous strategy not being fully implemented. Additionally, strategies are rarely given sufficient time for implementation. Additionally, personnel are not adequately trained to deal with implementing the change. Additionally, the cost implications of a change in strategy are usually not properly calculated which means that it has the potential to negatively impact on the finances of the organisation. Finally, when it comes to misalignment of strategies it has been found that there is huge misalignment especially between what the government wants Eskom to prioritise and what the actual focus areas of the organisation should be. What is more alarming is the fact that Eskom is usually aware of what government priorities will be, but do not put any contingencies in place to deal with them. Furthermore, there also seems to be misalignment of key performance areas within the organisation. An example would be a general manager and a middle manager's key performance areas not being in alignment yet they are in the same department. This is concerning as it impacts negatively on the business performance.

CHAPTER 5. CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this research was to determine which factors central to successful organisational performance are being applied at Eskom. Additionally, the study would try to determine if the traits common in destructive leaders, susceptible followers and conducive environments are present at Eskom, and how they affect organisational performance. A qualitative research approach was applied in this study, and the data was analysed using thematic content analysis. The research questions that were addressed in the report were the following:

- Which key factors central to successful organisational performance are being applied at Eskom?
- Are there destructive leadership traits that are dominant amongst executive managers at Eskom?
- What are the dominant susceptible follower traits amongst employees at Eskom?
- Which environments conducive to destructive outcomes are dominant at Eskom?

5.2 Conclusions of the Study

From the analysis of the results, it can be concluded that Eskom seems to not be applying many of the factors central to organisational performance. Management accounting practices and forecasting techniques, particularly in sales and cost prices are very questionable. This seems to speak to the emphasis made on application of the management accounting practices, as well as being prudent in financial practices (Chenhall & Langfield-Smith, 1998). In addition to this, Eskom is also not regularly verifying the correctness of their forecasts and updating them with the most recent information. The

Business Productivity Programme is not effective. There is also poor project management, the main issues being managing risk in projects, verifying outsourced work, as well as commitment of all Eskom employees involved in a project. The importance of managing risk is very clearly stipulated by Peters (Peters, 1984). In addition to this Elonen and Artto express the importance of commitment of all stakeholders in a project in order for it to be a success. There is also inadequate operational and technical governance. The most disturbing issue with this is the fact Eskom executive managers do not seem to take a firm stance when it comes to defending the importance of performing mandatory maintenance to government. They seem to just allow government to dictate to them how the organisation should be run. There is also poor leadership with very bad decision making, poor strategic direction provided, lack of cohesion and alignment in the organisation, and limited ability to negotiate and influence government.

Also there is a major issue of unethical leadership in the organisation. There are many fraudulent activities which executives are engaging in. Examples have been provided of misappropriation of electrification project funds. When it comes to followers, there are definite issues with immaturity, self-serving ambitions as well as employees not agreeing with the vision set by leadership. Under conducive environments there are major concerns with CEO turnover, frequently changing strategies as well as misalignment of strategies. This ties in with the point that was made by Padilla, Hogan and Kaiser (2007) about how immoral standards set by leaders in an organisation can also result in organisational underperformance.

In terms of followers, the main issue is with the immaturity, and self-serving ambitions of employees at Eskom. They are regarded as personnel that are highly focussed on self. This could be due to the fact that they are following the example set by unprincipled managers in the organisation. This relates to the point made by Hollander (1995) on how followers can engage in unethical activities if there is a benefit for them. Additionally, it has been found that half of the employees in the organisation do not agree with the vision set by executives. This seems to refute the argument Padilla, Hogan and Kaiser (2007) made about followers that will support leadership because their goals are in line with that of leadership.

Finally, in terms of conducive environments, the turnover of executives, particularly CEOs in the organisation is extremely alarming, and it affects continuity in the business. This is mainly due to lack of succession planning in the organisation. In addition to this, strategies change far too often in the organisation, and insufficient time is allocated for change. Additonally, strategies are seldom completely implemented. There are also issues of misalignment of strategic objectives. Governmental influence in the organisation is excessive, and there is lack of alignment to key performance areas (KPAs) within the same department. An example would be a middle managers KPAs not being aligned to a general managers KPAs.

All these areas should be addressed as they are affecting performance within the organisation.

5.3 Recommendations

In terms of financial management, Eskom should firstly review the effectives of the Business Productivity Programme (BPP). Executive management should review where they thought cost efficiencies could be achieved. They should try to understand why they are not being achieved, and what can be done to ensure that efficiencies are realised. These changes should be incorporated into the new BPP strategy.

It is also recommended that Eskom decrease the inflation rate used in the sales forecast and increase the cost price inflation rate, in order to provide a more accurate picture of what the net profit in the organisation is expected to be. In addition to this, these forecasts should be reviewed on a fortnightly basis to ensure that the assumptions that were applied on them are still relevant. By doing this it is felt that Eskom may be in a better position to know what tariff rate to request from the National Energy Regulator of South Africa, and this could increase the confidence government has concerning the accuracy in Eskom’s request for tariff increases.

Eskom needs to be more vigilant when it comes to managing risk. To this end it is suggested that a risk management standard be developed for every project in the organisation. Ideally it is recommended that it be developed by an engineer, who should also be the project lead. The project lead should attend a risk management training programme. Finally the risk management process should be evaluated for effectiveness on each project.

To address the issue of outsourced work, it is suggested that a quality control plan be developed for the project. This should also be the responsibility of the engineer. It should indicate hold and witness points at critical stages of the project, where the engineer will verify the integrity of the work. Koeberg Nuclear Power Station could be used as the benchmark as they have such a process in place, and the rest of Eskom's divisions could adopt a similar approach. For large scale projects it is suggested that Eskom engineers work in collaboration with contractors so that the scope of work is well understood. This will put Eskom engineers in a better position to decide at which stages of the project they should inspect progress.

In terms of stakeholder commitment it is suggested that the project lead keep a record of employees that are not fulfilling their role in the project. Once evidence has been collected, it is suggested that a disciplinary process be applied to those employees with serious punitive measures applied.

To effectively manage operational and technical governance, it is recommended that executive management play a more active role in highlighting the dangers that could take place if technical governance is violated. Issues like violation of the Occupational, Health and Safety Act should be emphasised to government, as well as other challenges that may arise as a result of keeping the lights on and compromising on routine maintenance, especially at power stations. If this is not done, Eskom will find themselves in the same position as they are in now in terms of safety and occupational incidents.

There is a general lack of confidence in the ability of executive managers to lead the organisation. It is suggested that executive management start making it a habit to assess information at hand, and using that as the basis to make a decision. They should also move away from following the direction set by government. Additionally, the inputs of subordinates are often overlooked when making a decision, therefore executive managers also need to start taking the inputs of the Technical Governance Committee seriously and use this to defend their arguments to government. Eskom should also review the management selection processes to ensure that company fit is also incorporated in them. Executive management should also look at seeking advisory assistance and the use of change agents to address the issue of silos in the organisation, and how to get the organisation aligned to the shareholders' compact. This advisor could also assist Eskom in developing an effective communication strategy so that all employees are on board in terms of what the business objectives are, and what is required from them. Eskom executives should prioritise which business objectives are most important and they should also start planning where the organisation should be strategically placed in the future.

In order to address the issue of unethical behaviour amongst executives and employees in the organisation, it is suggested that disciplinary procedures be exercised, again with very serious sanctions. This is the only way to correct the behaviour of individuals in the organisation. Furthermore, it is recommended that employees that behave immaturely, and that have self-serving ambitions also be disciplined.

To deal with the issue of executive turnover, it is advised that succession planning be instituted in the organisation so that there is continuity in the event an executive leaves the organisation. If an executive chooses to change a strategy, it is recommended that the cost of this new strategy be calculated to ensure that the business can afford it. It is also suggested that any training required by personnel to deal with this change also be identified and put in place. Again, it should be emphasised that executive management need to limit the level of government influence when it comes to strategies. Additionally, they need to be more strategic in their dealings with government. Finally, executive, middle and line managers should all check that their key performance areas are in alignment with the shareholders' compact that is signed.

It is also recommended that EXCO and other executive managers attend a leadership programme that can be developed by Wits Business School. The programme should cover aspects such as leadership, issues in leadership, developing effective work teams, negotiations (in particular the seven point preparation model, a stratagem that is developed for any planned negotiation), strategy, finance, human resource management, and ethics and governance. In terms of finance, it is advised that courses which deal with management accounting techniques, investment decisions, company valuations and project evaluations.

5.4 Suggestions for further Research

It is advised that the same model used for this research (the toxic triangle model) be applied to other State Owned Enterprises that are underperforming. In particular, similar research should be conducted for South African Airways, the South African Broadcasting Corporation as well as the Post Office.

CHAPTER 6. REFERENCES

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APPENDICES

Appendix A: Interview Schedule

Demographic profile questions

1. Please supply the name of the division you work for.
2. Please explain what the divisions' core responsibilities are.

Key factors for Organisational Performance

3. Would you stipulate the reasons that contributed to the underperformance of Eskom during the 2013/2014 financial year?
4. What role do you think executive management played in this underperformance?

Destructive Leaders

5. Do you think that self-absorption may have contributed to underperformance?
6. Do you think inappropriate charm may have contributed to underperformance?
7. How would you describe your upbringing?
8. Do you think that unethical behaviour may have contributed to underperformance?

Susceptible followers

9. Do you believe that your employees have any of the following traits:
    a. Being needy?
    b. Lack of self-esteem?
    c. Immaturity?
    d. Self-serving ambitions?
    e. Have genuine beliefs with the leader?

Conducive Environments

10. What role do you think the high turnover rate of executive leadership plays in organisational performance?

11. What role do you think frequently changing strategies play in organisational performance?
12. Do you believe there is misalignment of strategic objectives e.g. where the government has a priority which was not in line with the current needs of the organisation?

Appendix B: Email requesting participation in research study

Good day mam /sir

My name is Mandisa Dlomo. I am a full time MBA Student that is currently performing a study on how destructive leadership, employee submission and organisational environments contribute to the underperformance of an organisation, and I would like to look at Eskom as a case. Please take note of the following:

- The participants that are used for the study will remain confidential, however the information that they supply during the interview will form part of my research project.

- Please also note that the interviews will be recorded for data analysis purposes only.

- The recordings will be stored in a safe repository and will be password protected.

- The participants are encouraged to be as transparent as possible as the research is not intended to expose Eskom, but rather to adequately diagnose a business problem, so that the correct solutions are provided.

Kindly respond to this email to confirm your acceptance or refusal of the terms mentioned above. Please also indicate your acceptance or refusal to be a participant in this study.

Kind Regards

Mandisa Dlomo

Email: thozamadlomo@gmail.com

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Appendix C: Research Timetable

The following is the proposed timetable on how the remainder of the research will be conducted and when each milestone will be completed.

	October	November	December	January	February
Finalise proposal	7 October				
Gain approval	7 October				
Gather data		Month of November	Month of December	Month of January	
Do data analysis		Month of November	Month of December	Month of January	
Write report					10 February
Finalise report					27 February

Table 27: Table of research report milestones

Appendix D: Consistency Matrix

Research Problem: To determine which of key factors critical to successful organisational performance are adopted at Eskom and to determine if the main traits in destructive leaders, susceptible followers, and conducive environments (The Toxic Triangle) are found at Eskom					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To determine which key factors central to successful organisational performance are applied at Eskom.	1.Chenhall and Langfield-Smith 2.Peters 3.Hawkey, Webb and Winskel 4. Bass	Which key factors central to successful organisational performance are being applied at Eskom?	Interview schedule: Questions 3-4 (refer to Appendix A)	Interview	Thematic Content Analysis
To determine if unfavourable traits in Destructive Leadership exist amongst Eskom executive managers.	Padilla , Hunter, Kaiser	Are there Destructive Leadership traits that are dominant amongst executive managers at Eskom?	Interview schedule: Questions 5-8 (refer to Appendix A)	Interview	Thematic Content Analysis
To determine if unfavourable traits in susceptible followers exist amongst Eskom employees.	Padilla , Hunter, Kaiser, Tate	What are the dominant susceptible follower traits amongst employees at Eskom?	Interview schedule: Questions 9a-e (refer to Appendix A)	Interview	Thematic Content Analysis
To determine if the environments conducive to destructive outcomes exist within Eskom.	Padilla , Hunter, Kaiser	Which environments conducive to destructive outcomes are dominant at Eskom?	Interview schedule: Questions 10-12 (refer to Appendix A)	Interview	Thematic Content Analysis

Table 28: Table of the consistency matrix